

FEBRUARY, 1958

# Manage



- THE FOREMAN---PIVOT MAN
- PREVENTATIVE PSYCHIATRY
- ADVICE TO A NEW FOREMAN
- IDP---HOW IT HELPS YOU

5 dollars / year

*...from the NMA president*



# Report to the Membership

THEODORE RENSHAW

**A new idea in management training** will be presented March 6th when The National Management Association helps bring to you the first TELE-MANAGE program. This is a live, closed-circuit TV management-supervision training telecast to 62 key cities throughout the United States and Canada.

Tele-Manage is the final program in a three-night TV series which includes the TELE-SELL sales training telecasts on March 4th and 5th.

The 90-minute Tele-Manage session will concentrate on one of the most important areas of supervisory responsibility—the making of decisions.

For the first time, decision-making factors will be analyzed and resolved in a forceful and dramatic manner so that they will be of practical and immediate value to everyone who supervises the work of other people.

The importance of the supervisor's role in decision-making will be given new emphasis—to help develop our potential decision-making capabilities.

Actual audience participation lets supervisors share in the process of making decisions—to compare our ideas with those of the experts, based on dramatized decision-situations.

We, the Tele-Manage audience, will learn how to get the facts on which to make correct decisions through the new technique of the non-directional interview.

We will learn how to sell unpopular but necessary decisions so that morale and productive effectiveness are not impaired.

*(Continued on inside back cover)*

# MANAGE



MANAGING EDITOR: *W. W. Keifer*  
CONTRIBUTING EDITOR:  
*Louis Ruthenburg*

- EDUCATION DIRECTOR: *William Levy*
- RESEARCH: *Norman George*
- WASHINGTON CORRESPONDENT: *Stewart French*
- BUSINESS CORRESPONDENT: *William Freeman*
- BUSINESS & CIRCULATION MANAGER: *L. E. Nangle*

## IN THIS ISSUE

February, 1958 Vol. 10, No. 5

Integrated data processing—often regarded with suspicion—is a management tool which can help the foreman. How? See page 8... John Brennan, vice-president of the Chrysler Corp., tells how the foreman—management's first line—has achieved new stature. . . "The Great American Coffee Break," by the well-known humorist, Dick Ashbaugh, gives one version of how the coffee break was invented. . . Statistics can be misused, but they are an effective management tool if their correct function is known. . . William G. DeWolf has the negative approach to effective management, but he draws a moral. See page 51. . . Stewart French, MANAGE'S Washington correspondent, presents a run-down of the year ahead for Congress. . . William Freeman: "We are slowly and painfully learning that we can only lose if we fail to realize that our survival rests on the lonely egghead in his laboratory and the discoveries he makes." (See page 45.)

MANAGE is published monthly on the 25th by THE NATIONAL MANAGEMENT ASSOCIATION (formerly The National Association of Foremen) as its only official publication. Entered as second-class matter September 9, 1952, at the post office in Dayton, Ohio, under the Act of March 3, 1879. Printed in the U. S. A. Publication office 230 West Fifth Street, Dayton 2, Ohio. All address changes and publications returned under postal regulation 3579 should be sent to editorial offices in Dayton. Editorial and executive offices: 321 West First Street, Dayton 2, Ohio. Copyright 1958 by The National Management Association. Subscription rates: annual U. S., \$5.00; foreign, \$7.50; single copy, 50 cents. Bulk subscription rates upon request.

CIRCULATION THIS ISSUE: OVER 75,000, DOMESTIC AND FOREIGN.



# Washington Report....

## ....for supervisors

by Stewart French

With pronouncements of high policy out of the way, both in the President's State-of-the-Union message and the budget, and in the declarations of Congressional leaders, the Senate and House this month begin the hard, and often tedious, business of working out legislation to put the President's and their own ideas into effect (the gobbledegook, or governmentese, word for it is, "to implement").

Spadework for legislation is done in committees where, through hearings, personal investigation, and reports by experts, the members of Congress themselves become experts of sorts in special fields, at least for a time. Since this session is the second of the 85th Congress, it's a continuation of the first, and bills that were introduced last year, but not finally disposed of, do not have to be reintroduced, but remain available for action. Disposition of a bill takes one of three forms: it's voted out (that is, it's passed), or is voted down, or it's indefinitely postponed, which is tantamount to killing it.

One measure holding over from last year that's ready for the first steps of final action is the bill—sponsored by youthful, wealthy Senator John Kennedy of Massachusetts, a Democratic hopeful for the Presidency in 1960—to require that all industrial welfare and pension funds be accounted for

publicly. The Kennedy bill would open to government scrutiny collections, operations, and disbursements of union-managed and contributed plans, management-sponsored and contributed plans, and joint union-management plans, equally. These funds are estimated by the Senate Labor Committee to total some \$30 billions, and to affect directly at least 75 million workers and their families. Hence, they are very much "freighted with the public interest," in the words of the Supreme Court. The Senate hearings showed that some of these funds have been grossly misused by both labor and management for their own purposes.

The National Association of Manufacturers and the Chamber of Commerce of the United States, if not exactly teaming up with John L. Lewis and his militant United Mine Workers Union in opposing the legislation, have at least seen eye-to-eye with him in taking a very dim view of it. On the other hand, the measure has the blessing, in principle, of the Eisenhower Administration and of the AFL-CIO. In fact, it's based on an earlier "Administration bill" sponsored by Republican Senator Ives of New York upon which extensive public hearings were held. The bill was favorably reported by subcommittee and is awaiting action by full committee and the Senate.

Chances of passage of this one appear good.

#### ROUGH GOING AHEAD FOR OTHER CHANGES IN LABOR-MANAGEMENT LAWS

The Administration has submitted to Congress a number of other proposals involving changes in union responsibility and hence in labor-management relations. They include:

ONE—Compulsory reports on the handling of union treasury funds, coupled with provisions spelling out and making it easier for rank-and-file union members to sue dishonest union officers.

TWO—Election of all local union officers by secret vote at least once every four years, with national and regional officers to be elected either directly by secret ballot or by delegates chosen by secret ballot.

THREE—Conflict-of-interest regulations that would require public reports by employers or union officials of payments made to one another.

FOUR—Creation of the office of Commissioner of Labor to investigate the accuracy of reports and with power to subpoena any witnesses or evidence needed.

FIVE—Criminal prosecution in the Federal courts for embezzlement of union funds, a sanction now restricted to state and local courts.

Enactment into law of any of these proposals would make for greater responsibility on the part of organized labor and hence make the supervisor's life a better one. However, despite the wealth of facts supporting them mined by the McClellan Committee as to grave abuses by both labor and management, adoption of these and other needed changes in the law appears problematical. For one thing, the McClellan Committee, to which Congress and the public naturally look for guidance, since its members have had more access to more facts than any other group, is split along political, ideological and even geographical lines. It's doubtful if the committee can come up with anything like a unanimous recommendation for remedial legislation at this time.

For another, 1958 is an election year, and with the whopping \$74 billion budget and the critical defense situation, the majority of Senators and Congressmen aren't going to be disposed to use up valuable time (the session should end early in order to give the candidates a chance to get out on the hustings) and risk further party splits and disunity in what would probably be hopeless efforts for, as examples, a national "right-to-work" law, or making unions subject to the anti-trust laws—as the manufacturers groups and the American Farm Bureau Federation, among others, have urged.

#### TIME STUDY AND METHODS MEN HELD NOT SUPERVISORS

The National Labor Relations Board, administrator and first-line enforcement agency of the Taft-Hartley Act, again has ruled on who is a super-

visor. Or rather, in this particular instance, the board has decided that time study and methods men at a Massachusetts valve manufacturing plant are NOT supervisors because, in the words of the board's formal ruling: "They have no authority to discipline, promote, demote, or transfer employees."

The case arose out of a petition brought by the electrical workers union to represent the time study and methods men. The company resisted on the grounds the men were managerial. Ruling against both the union and management, the board found the time study and methods men to be technical personnel entitled to be represented, if they so chose, by the American Federation of Technical Engineers, which had been an intervenor in the action.

#### PART-TIME SUPERVISORS NOT ALLOWED TO VOTE IN UNION ELECTION

In another decision involving supervisors, the National Labor Relations Board has split over the question of whether temporary supervisors should be eliminated from bargaining units. Previously, in the 1955 Potomac Electric Power Co. case, the board "refused to find that employees, who assumed supervisory authority only when their supervisors were absent, were supervisors."

The instant case involved a decertification election petition filed by an employee of Liberty Cash Growers, Inc., Memphis, Tenn., against the Teamsters local. In directing that such an election be held, the majority of the 3-man panel that spoke for the whole board excluded two employees from voting because from time to time they substituted for regular supervisors on vacation, sick leave, and the like. The third board member wrote a vigorous dissent in which he argued that the men should not be "deprived of the benefits of organization solely because of such sporadic assignment of supervisory duties."

The majority, in defense of its ruling, pointed out that the substitute-supervisor plan had been in effect a number of years "and is known to the employees in the plant."

# IDP works

## • • • for the foreman

by stanley englehardt

---

*Integrated data processing is being used more and more as a management tool. It is adding dignity and responsibility to the foreman's—and the supervisor's—job, but at the same time it is being regarded by some as an object of scorn. Here is an authoritative, wide-ranging view of the facts about a variety of machines which themselves can be used to get the facts. . .*

A FEW MONTHS AGO, a large eastern corporation informed its departmental managers that an integrated data processing system was about to be installed to replace the company's outmoded manual accounting system. From the foreman's standpoint, the IDP system would mean a new type of time card—pre-punched with control data, mark-sensing of production information, and a host of reports issued daily, weekly, and monthly.

Before the first data processing machine had been plugged in, however, a mild panic spread among the departmental managers. At a hasty "men's room conference" the new system was roundly denounced—and depicted by some as a threat greater than the Russians.

"It's the first step toward unemployment," said one foreman.

"They're going to replace us with machines," said another.

"Even if we do remain," said a third, "we'll be nothing more than figureheads. The machines will do

all the thinking and we'll just carry out orders."

Do these comments sound extreme—even exaggerated? Unfortunately they are not! In plant after plant the advent of machine accounting methods has produced similar "kangaroo courts" presided over, frankly, by frightened men. These men have heard a lot and read a lot about electronic "brains," and they can envisage only loss of responsibility at best, and loss of job at worst.

But IDP is widespread enough today for an evaluation based on pure fact rather than speculation. It has been tried and tested in large and small companies alike, and in just about every industry. Results are piling up on the positive side of the ledger.

In the past two years I have visited scores of IDP installations throughout the country. A few were in major U. S. corporations; most were in medium and small companies engaged in a variety of tasks. *Nowhere did I find any diminution of the foreman's function as the result of machine accounting—and certainly no evidence of job jeopardy. In fact, the opposite was the rule: managers had gained more responsibility than ever before.*

In approximately nine out of 10 companies where IDP extends to the production floor, the by-product reports (produced as a result of accounting work done on the mechanized office equipment) greatly

added to the manager's job, giving him more and better facts to work with and making him a production specialist rather than just an overseer.

*In other words, IDP is a tool which the foreman can use to do a better job. Nothing more—nothing less.*

In practice, data processing systems can take an infinite number of forms, depending on the function, layout, and desires of the particular company. There is no "typical" set-up. However, there is a general pattern of data flow where the foreman is concerned. In essence it amounts to this: basic facts flow from the production floor to the data processing center, where they are fed into the machines. Depending on the equipment used, these facts can be stored, accumulated, computed and projected. At any rate, results usually come out in the form of punched cards which can be used to print reports on tabulating or accounting machines. And these reports, in the hands of the production manager, represent the new tool to help him perform his job.

For example, at one of the largest cigar factories in the world, located in Jacksonville, Fla., quality and production control figures are derived as the direct result of putting payroll data to work.

Payroll has to be done, one way or another. That's basic! But instead of just computing the payroll and letting the figures go to waste, IDP

at the Jacksonville cigar plant utilizes payroll data for numerous management reports. Once the piece-work payroll has been computed and the checks written (automatically by the mechanized equipment) the same figures are used over and over again to provide department managers with vital information.

The flow of basic facts to the data processing center, in this case, is represented by payroll figures. Each day the workers are supplied with a labor (time) card pre-punched with control information such as the employee's number, department, machine, and date. As the worker picks up pads of tobacco (to be rolled into cigars) the amount is hand-punched into the card by the stock clerk; the same thing happens when finished trays of cigars are turned in. If the worker's machine breaks down during the day, the downtime is indicated on the card by the foreman who simply makes a pencil mark in a designated box on the card.

At the end of the day the employee's card is sent to the data processing center where the punched and pencilled codes are "read" by a machine and a new punched card (containing the same data) produced. This operation is known as "mark-sensing." In other words, a standard punched card pertaining to the piece-work figures of that employee—his production, the downtime of his machine, etc.—is automatically punched.

AT THE END of the week the accumulated cards are fed into a small electronic computer. The computer does a number of things quickly and accurately: it totals the production figures; it projects tray counts into actual cigar counts; it totals machine downtime; it multiplies production figures by rate and comes up with the employee's gross piece-rate pay; it deducts taxes, dependents, FICA, etc. from the gross and indicates the worker's net pay for the week. All of these figures come out in the form of summary punched cards.

In short, feeding the daily production figures into the computer results in final payroll figures and a breakdown of various production factors.

Once the payroll is written, there are a multitude of statistics available to the managers. For instance, they can determine the efficiency of their employees in relation to each other. A consistently poor worker will stand out like a sore thumb on the reports, thus allowing the department supervisor to exercise special attention to bring that worker's level up to the rest of the group.

By the same token, the manager can determine overall department efficiency in relation to previous weeks. Armed with these figures, he can find out why efficiency has dropped off and make corrections.

Formerly, when manual methods were used to compute payroll, these

detailed figures weren't available simply because of the work required to produce them. Only basic figures, like gross department totals rather than individual totals, were available. If a department's production lagged, the burden of responsibility fell on the foreman—yet it was extremely difficult for him to find out the reason and correct the problem within a reasonable amount of time. Usually he had to spend days—even weeks—checking each worker and trying to spot poor work or methods.

Now, however, keyed by weekly reports, the foreman can go directly to the source of trouble and concentrate his energies, remedying the situation before any serious production deficiency results.

Reports pinpoint poorly functioning machines as well as methods. Formerly a machine might break down, be fixed, and then break down again the next week. This could go on indefinitely—or at least until the foreman realized that the machine was out of action unduly.

Utilizing the accounting machine-produced reports, however, the department manager can spot excess downtime right off the bat, and make sure repairs are adequate to prevent further work loss.

Instead of working in the dark to keep his department at peak level, the foreman now has facts and figures—produced currently and accurately—to guide him in his man-

agerial work. The data processing machines are not "electronic spies," as some critics claim, but simply more efficient methods of evaluating production figures. The computer doesn't "think" for the foreman but takes his figures and projects them into visual reports.

**I**N EVERY SINGLE CASE the foreman could project the figures himself—using paper, pencil, desk calculator or slide rule—but the time element would preclude getting the data fast enough to do any good—if he could find the time to do it at all. The mechanized equipment just does it faster and more accurately.

The salient feature of IDP as applied to the foreman's job is cutting down the time element to where the manager can do something about the problem. At a North Carolina hosiery plant, for instance, the principal problem is minimizing the "picks and pulls" (stocking runs) which cut down the percentage of first quality hosiery produced by the plant. Four factors, as a rule, cause picks and pulls: (1) rough spots on the worker's hands, (2) poor handling or methods, (3) rough spots on the machines or work tables, and (4) a style that naturally lends itself to frequent thread tearing.

Once the picks and pulls begin to get out of line, it is the foreman's job to find out why and where. Before IDP at the plant this meant

backchecking scores of employees, machines, departments and styles. At one time, in fact, the company had a roving manicurist constantly checking hands because of the difficulty in spotting rough spots. Meanwhile picks and pulls continued to pile up, top management tempers frayed (because of falling receipts), and everybody lost efficiency because of tension.

With IDP reports, however, foremen can trace the pattern of picks and pulls quickly and easily. Before any real problem develops, the worker can be instructed, the machine bench sanded, the style corrected, or the machine adjusted.

**A**T THE HOISERY PLANT, as in the cigar factory, payroll figures supply the report data. As a worker turns in piece-work figures, her picks and pulls (whether caused by her or not) are noted. Hosiery style numbers and batches are indicated, too. After payroll computation, the data is projected in various reports—by style, by worker, by department, etc.—and checked by the managers for significant trends. Analyzing these reports, it is reasonably clear to the foremen where the trouble originates. After that, it's up to them.

IDP reports to managers can take many forms; they don't always refer directly to workers' efficiency or product style. In an Atlanta electrical parts job shop, for instance, the reports are concerned primarily with

meeting work schedules. When a job order comes into the shop, a deck of punched cards is prepared—one card for each of the dozen departments involved.

The purpose of the cards is simple: as the order moves through the shop, the foremen indicate the expected shipping date out of their department and any special work required. Using these cards to print weekly reports, the order is followed through the plant.

In other words, from the reports, the department managers can pinpoint the exact location of an order, note when it is due in their section (and prepare to receive it), and find out how much time they have to complete their function. The reports give a clearer picture of work schedules, thus allowing the foremen to do a better job simply because they are forewarned as to arrival and departure dates and can plan department operations more efficiently.

No matter how you slice it, IDP amounts to the same thing for all department managers: a statistical tool to help them do a job.

Men who are working with office automation now know the fallacy of the bromide that "machines are going to replace foremen." The truth lies at the opposite end of the pole: the machines are completely dependent on the men. Without managers to feed data in and apply projected figures to the actual job, IDP just couldn't work.

## Punch in for college

AMERICAN INDUSTRY has come up with what may be an answer to the growing problem of what to do about overcrowded college classrooms.

Helene Curtis Industries, Inc. has disclosed the launching of an educational program which may provide management with a promising new way to improve employee performance and attitude.

In cooperation with Roosevelt University of Chicago, the manufacturer is offering its employees a general college education, with credits acceptable for degrees, through courses conducted by Roosevelt University instructors in classrooms in Helene Curtis' huge plant. *Tuition, books and materials are all paid for by the company.*

Believed to be "the first such program provided by a commercial enterprise," the courses are open to all of Curtis' 1800 employees, from shipping clerks and production workers to executives. As students, they may either take the courses for college credits toward a degree—or merely to broaden their education, depending upon their educational background and preference.

The selection was made by the students themselves from 13 commerce and liberal arts courses offered. Of this group, 20 have had some college training; five are college graduates; 35 are high school graduates, and 18 have had less than high school education. In the four classes, 47 are men, 28 are women, with three of the employee-students taking two courses each.

In effect, Roosevelt University has established with this project a Helene Curtis Extension Division with the campus coming to the factory. This provides qualified company employees with the opportunity to earn a full college education and a degree by working their way through college without leaving the plant. Other employees are enabled to further their educations regardless of how limited their past schooling may have been.

*Gerald Gidwitz, chairman of the board of Helene Curtis, reported that this unusual education program was set up by the company to enable employees to improve themselves and to broaden their horizons beyond their immediate jobs. It supplements the company's long-standing program of paying the tuition of employees taking courses at various accredited schools in and around Chicago.*

While other industrial enterprises provide in-plant training using college instructors, the courses given are related directly to on-the-job training rather than the general college education available under this program.

A YOUNG MAN with a poor head for figures borrowed \$50 from a loan shark. Soon he had to borrow from a bank to pay the loan shark, then from a small-loan company to pay the bank—and around again.

In June of this year, another man borrowed \$1400 for an automobile and made his first payment of \$75 a month later. He discovered that after his payment he owed \$1520!

The National Automobile Dealers Association calls credit-gouging the auto industry's biggest problem, but

the skullduggery is not limited to auto financing. In all fields, consumer credit rackets are flourishing now more than ever. Racketeers are trying to worm their way into every phase of installment-buying and money-lending.

Even the United States Air Force was not impervious. At one Air Force base (in Montana), a loan shark combine was broken up that charged free-spending airmen fantastic rates of interest. Far from being a friendly "Sgt. Bilko" type of operation, this was a well-organized racket which was squashed when the Air Force ordered dishonorable discharge for anyone participating in the enterprise.

Any time a person pays in installments, he is paying interest, regardless of what term may be applied . . . "carrying-charge, easy-payment-plan, financing cost, etc." The way to determine what interest is being charged is to disregard all the sales talk of discounts, allowances, and extra charges and simply subtract the *cash* cost of an item from the *total* cost of that same item bought on credit. The amount of interest is often staggering.

Thousands of auto dealers make loans on new cars at rates ranging up to 36 per cent per year—and this is perfectly legitimate! Other illegal actions were put under the scrutiny of a United States Senate Sub-Committee early in 1957 when it began investigating abuses in auto financing. About half of our \$30 billion outstanding consumer debt is made

## CREDIT UNIONS

*us.*

## LOAN SHARKS

by Lynne Reade

up of unpaid balances on autos—a lucrative area for sharp operators.

Finance charges on cars and furniture are still unregulated in many areas. Sales finance companies are exempt from usury laws (such as they are) because the companies are not legally in the loan business. That is, they are not actually lending money—they are "financing" goods.

Small-loan companies used to charge 36 per cent to 42 per cent per year on their loans but many of these companies have now reduced their rates to some extent. Nevertheless, laws covering credit are confusing and improved legislation is needed to regulate the field. State laws restricting usury generally average about 30 per cent per year. In one state, however, it is legal to sign a contract on a small loan at 5 per cent per month interest—60 per cent per year!

Personal loan departments in commercial banks are generally above reproach but the 6 per cent interest which one usually associates with them may actually be closer to 12 per cent if the interest charge is "discounted"—applied to the total loan first, with the loan actually being repaid in installments. Because their rates are comparatively low, commercial banks can afford to be stringent in their requirements for collateral and frequently are. There's an old joke that goes, "The only time you can get a loan from the bank is when you don't need one."

Literally millions of people all over the world have found what they believe to be the best answer to their financial problems. This is the credit union, which combines low interest rates with ease of obtaining loans.

It was a credit union of the *New York Times* which finally put our unhappy friend with the \$4600 debt back on his financial feet. Not that his particular consolidation loan was obtained with "ease" but he did get it when no one else would lend him any additional money.

Credit unions were first developed in Germany. Later they were initiated in Canada and then brought to the United States in 1909 by a consecrated man named Desjardins. He maintained, "The people's welfare can best be secured by institutions organized by the people themselves."

A wealthy Boston department store owner, Edward A. Filene, became intrigued with the idea of credit unions in the 1920's, to the extent that he gave \$1 million to promoting these groups across the country.

Credit unions are organized by people who have a common bond. Members may work in the same type of employment, they may belong to the same association, or they may live in the same neighborhood.

The largest type of credit union is the industrial kind, wherein employees of one industry join together for mutual aid. These groups are often encouraged by business, and

their operational costs are naturally cut if companies donate office space or allow officers to do their credit union work on company time. All credit unions are helped financially by federal and state tax exemptions on their earnings, which are allowed because they are non-profit organizations.

Originally, everyone but the loan sharks was in favor of credit unions but, since they have mushroomed, banks and finance companies are now sometimes envious. One sore spot is the tax exemption credit unions enjoy. The easy answer to any complaints regarding this is that others may enjoy the privilege, too, as soon as they switch to a non-profit set-up!

CREDIT UNIONS are service groups. Their primary objectives are to promote thrift and to make credit available to their members. They want to know what the members are rather than what they have, their premise being that a man's character is his most valuable security. Under credit union law, the terms "provident" and "productive" must apply to every loan.

Credit union rates are usually one per cent per month *on the unpaid balance*; in some cases they are as low as three-quarters of one per cent per month. This one per cent per month is approximately six and one-half per cent per year. Against this, the actual charge of a short-term personal bank loan is close to twelve

per cent per year. (Note that with a credit union loan, interest is paid only on the money still unpaid, whereas with a discounted bank loan, interest is charged on the full amount of the loan without consideration of repayment.)

In addition to favorable rates, another advantage of credit unions is that members receive insurance on loans. (If a man drops dead the day after he has taken out a loan, the loan is automatically cancelled and the man's widow is free of the debt.) A more common occurrence which makes members appreciate their credit union is an emergency which forces a man to get money in a hurry. He knows he can get a loan which other lending firms might have turned down. Credit approval committee members often get on the telephone to rush through an urgent loan so that a member is not hamstrung until the next weekly meeting.

Credit union losses are very low—only about one-fifth of one per cent of total loans. Borrowers evidently consider their loans as personal debts to their co-members.

Equally important as the lending aspect of the credit unions is the savings side. "Never saved a cent before in my life," says one member. "It's putting something away every payday that makes the difference. I signed up for payroll deductions and that was the smartest thing I ever did."

Each member's savings are ac-

cumulated in the form of \$5 shares but, regardless of the number of shares owned, each member has only one vote in credit union matters—thus preserving the democratic goal.

The savings of the members are put to work when they are lent to other members. (Often it is insurance wise to borrow, even when a person has savings on deposit. His loan would be paid off in event of death and his savings may have a double insurance feature whereby any beneficiary would get twice the amount he had saved.)

Ordinarily, 20 per cent of a credit union's net earnings (the interest received on loans) is returned to a reserve fund. After expenses, the remainder is distributed to members as dividends. These dividends range from four per cent to as high as six per cent in some cases. By law, restrictions are placed on how the reserve funds may be invested and only super-secure items such as government bonds are allowed.

All credit unions must be chartered to begin operation. This may be done under the Bureau of Federal Credit Unions, in which case they are regulated by the bureau—but do not obtain services from it except unannounced audits—or they may organize under the Division of Corporations in a particular state, thereby automatically belonging to the Credit Union National Association, Inc., to which dues are paid through the state Leagues. CUNA members

receive advice and assistance at all stages of growth. The division is about half and half between federal and state groups. Chartering gives credit unions the same legal standing as any other banking institution.

There are over 23 thousand credit unions in the Western Hemisphere today, with over 10 million members, most of them in the United States. New groups are forming at the rate of 200 per month.

In 1956 in the U. S., assets ran to over \$3 billion with loans of more than \$2 billion. There are hundreds of million-dollar credit unions going full blast—obviously, credit unions as a group are "big business."

**T**WO GREAT DANGERS are inherent with every credit union. One is that the people running it may become too businesslike — forgetting that theirs is mainly a service organization designed to help other members. The other danger is that the managers may not be businesslike enough, causing members to lose faith in their group.

John J. Boyd, President of SoCo, the credit union for Southern Counties Gas Company employees, says, "One of our toughest problems is remembering we're here to help the fellow who needs a small loan. We've made such a spectacular growth in the two and one-half years since we organized that we are able to make sizeable loans—but we don't want to forget the man who needs only \$100, but needs it badly!"

SoCo, in less than three years of operation, has made more than 2000 loans totalling over one and one-half million. It began with a few workers who approached the company through their labor union representatives, asking for company sponsorship to get started.

Most employers like credit unions, and Southern Counties was no exception. They make happier, more productive workers, who aren't worrying about their finances. Credit unions virtually end garnishments and pay advances and, as a bonus feature, provide good administrative training which the company can often use.

Southern Counties offered to pay the credit union's bills for the first three months, to give them a year's supply of stationery to work with, and to lend them the money for an expensive bookkeeping machine.

Regardless of who sponsors a credit union, once it is set up, the individual loan records are confidential, and the books are not open to inspection by outsiders. Even when there are payroll deductions, as at Southern Counties, the deductions do not indicate whether they are for savings or for re-payment of a loan.

From the first organizational meeting in late 1954 when Boyd and Arnold Vinge (later treasurer) dug into their pockets for the \$40.70 state charter fee, SoCo has grown to more than 1700 members with assets

of \$722 thousand—fabulous growth even in fertile Southern California!

Another not so prosperous but eminently successful new credit union is the Central Transformer Federal Credit Union in Pine Bluff, Arkansas. Most of this plant's employees had come from farms or unskilled trades—many were trapped by wage garnishments. Attachments up to 85 per cent of a man's salary are allowed in Arkansas, and the sheriff was just as happy as the workers when the credit union got moving and he no longer had to serve garnishment papers regularly! This credit union took a lot of pushing before it got rolling, though. During its first year, 1956, James Wilson, first president, and Paul Abrams, treasurer, spent over 500 hours each of personal time on credit union business.

One of the oldest federal groups is the B. F. Goodrich Federal Credit Union at the Los Angeles plant. It began in 1936—two years after the passing of the Federal Credit Union Act in 1934. Walter Frick, its treasurer, says, "We don't have payroll deductions, and that makes us all the more proud of the fact that we have had to write off only \$7 thousand in over 20 years—and we've lent over a million and a half!"

Frick is actually an insurance man by occupation. He carries on credit union transactions two days a week at the plant and spends much more time working on the records. In ad-

dition, he is on 24-hour call for emergency loans.

Friendly old "Pop" Fitzgerald knows everybody and everything about the BFG plant. He is secretary of the United Rubber Workers Local 43 and also secretary of the credit union. With a wink, "Pop" explains that labor is behind credit unions because "they don't have to leave their No. 1 son or daughter for security."

"Pop" used to work for the railroads, and he remembers when a man would pay anything to keep from having his salary attached because that always meant dismissal. One particular case has stuck in his mind over the years—a man was paying 800 per cent interest!

Since that time, credit unions have helped millions of people here and abroad keep away from loan sharks.

CUNA, the national association, set up a department in 1954 to give advice to foreign countries which requested credit union information. This aid is adapted to the particular country in question, but two essentials are always maintained—the credit unions are run by their members and they make loans to members out of their own savings. In one recent year, inquiries came from 53 different countries.

Perhaps the guiding spirit behind the credit unions is best demonstrated by this assistance being given by CUNA to impoverished people all over the earth. Roy F. Bergengren, who spearheaded the credit union movement in the United States, coined its ideal: "The real job of the credit union is to prove, in modest measure, the practicality of the brotherhood of man."



"How about April 10th, 1970? . . ."

# The GREAT AMERICAN COFFEE BREAK

or  
**how to take  
a coffee machine  
and grind work  
to a halt.**

by Dick Ashbaugh



THERE SEEMS to be some confusion today about the origin of the "Great American Coffee Break." According to the best sources of information, the coffee break was invented by George B. Murdock, employed by an obscure government agency during the early forties. The agency has since been replaced by a No Parking sign, and Murdock is living in Mexico under the name of George B. Murdock. (Intimates who hear from him now and then say he is happy, but he would like a word from Edith, Roy, Eddie Wagner, J.F.L., and his old fourth grade teacher, Miss Hartmess. A postcard would do.)

Murdock's story is that of a man obsessed by a single idea. The agency for which he labored purchased paper cups for the government. Since the government had no use for paper cups, they were sold back to the manufacturer at a discount, which enabled the company to resell them to the government at a later date. It was an ideal arrangement, and the system has since been adopted by other government agencies.

One morning, at his desk, Murdock was moodily surveying a new consignment of paper cups, when his eye lit on a stapler. Idly he fashioned a cardboard handle and stapled it to the cup. Fellow employees, who remember the incident well, claim that a cartoonist's balloon suddenly appeared over Murdock's head containing a glowing electric light bulb, and the single word, "Idea." He arose and disappeared

from the office, but returned in a few minutes carrying the cup filled with steaming coffee. To his startled deskmates he exhibited the handle that made it possible to carry hot liquids safely. At this point, Murdock sat down, put his feet on the desk, lit a cigarette, and proceeded to enjoy the first recorded instance of what is now known as a coffee break. The personnel cheered him to an echo.

The rest, of course, is history. Mur-

dock appeared on several radio shows where he was awarded a number of items for which he had no use. Shy and retiring by nature, he finally left the country in search of solitude and a chance to continue his experiments. Friends confidently predict his return, and say he will introduce another revolutionary movement.

A persistent but unfounded rumor hints that Murdock has been working with hot fudge.

---

## LONG-RANGE PLANNING . . .

THE NEED FOR INFORMED LONG-RANGE PLANNING—the taking of business decisions with a view to their effect five years or more in the future—has become an increasingly important factor in the modern business world, according to Peter F. Drucker, noted author and economist, in a recent address delivered before the Institute of Management Sciences.

Mr. Drucker, one of the featured speakers at the Institute's fourth Annual International Meeting in Detroit, pointed out that "there is nothing new about the fact that all economic activity is in contemplation of future results, and is therefore highly risky," but he emphasized that in recent years "the time span of all entrepreneurial decisions has been lengthening greatly," and that the speed of modern industry has "increased much faster than the knowledge available."

Long-range planning must not be confused with any attempt to "mastermind the future, whether by predicting it or by attempting to control it . . . those are futile and rather childish attempts." Rather, he said, it can be defined as "the rational making of present decisions with the best possible knowledge of their futurity. As a result of this knowledge it should be possible to understand the risks involved in any eventual course of action."

On the question of who should do long-range planning, Mr. Drucker said, "There is only one answer: the responsible manager, not the management scientist. It is not a technical job but a supreme entrepreneurial job."

# ...AND HERE WE SIT

**an embarrassing  
study of how others  
are making millions  
while the rest of us  
are sitting around  
thinking about it...**

This article was adapted from a new book, "100 Stories of Business Success" by the editors of Fortune magazine. The book is published in a paperback edition by Bantam Books, Inc., 25 W. 45th St., New York 36, N.Y.

**W**HAT ARE THE INGREDIENTS of success? What makes one man *know* that he's going to make the grade—and then do it, while another is full of doubts—and fails?

The best way to find the answers, undoubtedly, would be to study the methods of and the men who have made their mark in the world.

The personal characteristics that spell success are pretty much the same in every field and no matter what your job, you can learn a lot from these winners.

One great lesson emerges from these 100 stories: The seeds of success are within *you*. It's not who you know. It's not who you are. It's what you are—and do.

Take Sidney Anschell of Seattle, who has always enjoyed traveling. In 1949, he started a "Gift-of-the-Month" Club, whose members never know in advance what gift the mail will bring. What they do know is that they will get some piece of merchandise made, and sent from, abroad.

By Christmas, 1950, he had 20,000 members and was in the black. Today more than four times that number are on his membership roster and 250,000 pieces of mail a month are sent from Florence, Italy, where Anschell has moved from Paris.

Anschell selects his "gifts" by shopping stores and bazaars in Europe, Latin America and the Far East. When he finds a likely item, he places orders that are staggering to most foreign manufacturers. Gifts are shipped by parcel post from the

country of origin. They have included a silver coffee spoon from Finland, a leather wallet from Italy, perfume from France.

Anschell's members provided him last year with about \$725,000 to do their blind shopping for them. After the gifts were bought, he was left with roughly \$166,000 for normal overhead, taxes and profits. In fact, it's quite a good way to make a living for a man like Sidney Anschell, who likes nothing better than to travel and shop.

The first "tip from the top," then, is: *work at something you enjoy.* You'll do your best—and you'd be surprised how good your best can be.

After eight years of inventing gimmicks, Alan Bloom, 28, of Los Angeles, has hit the jackpot with a metal cleaner called Copper Brite. He thinks so much of his product, he explains, that he has changed his name to Alan Brite to match it.

In 1949, while the royalties on a plastic steering-wheel cover were keeping him in food and shelter, Brite went to the library, got a list of chemicals that could be used to clean copper and bought small amounts of about 60 of them. He lined up the chemicals on a table, systematically dipped swabs in one after another, and drew the swabs across a penny until he hit the combination that cleaned copper best.

Things moved fast after that.

Along the way Brite picked up a partner, Roy Saxon, and incorporated as Copper Brite, Inc., in June, 1951. At the end of their first month of business, they had a profit of \$800. Sales jumped from \$4,700 in July to \$55,400 in October.

Just when things were looking bright, in early 1952, Copper Brite began solidifying in the bottles on dealers' shelves. Brite and Saxon corrected the formula (so far it's been changed 50 times), placated the dealers by replacing 10,000 cases worth \$96,000.

In 1952 sales totaled \$800,000. Brite and Saxon spent \$380,000 on advertising and promotion, netted \$65,000 before taxes but after a Cadillac apiece. The merry pace goes on.

The second tip, obviously, is: take your opportunities where you find them, be it a time-saving step on the production line that occurs to you, a new way to handle correspondence, what have you.

Ever hear of a baker who was allergic to flour? Paul Dean Arnold is one—it gives him asthma. Yet practically every cent he's earned has come from baking.

He started in business in an ordinary way, taking the first job that came along. Hired as a production student in the New York City plant of a large baking company, he was transferred—after five years—to Portland, Maine, as superintendent



of baking. There he was exposed to flour dust for long hours and his asthma became almost unbearable. His wife, Betty, wrote to the company in 1940, asking them to give him a different job or "please fire him." So they fired him.

The Arnolds moved in with his family. Betty Arnold tried to steer him away from his pet project—making bread that would taste better than the regular commercial kind. He argued that a cracker baker like himself should be able to devise a formula for a high-quality white loaf that would sell. Almost before his wife knew what had happened, Arnold put up their \$500 savings, his brother Ted matched it and the three of them were in the bread business.

The going was rough—until the food editor of a major New York newspaper ate some of Arnold's bread and wrote an enthusiastic story about it.

Today, Paul and Betty Arnold own a 218-acre estate with nine miles of private bridle paths and a swimming pool.

Third tip: quality—in product or performance—pays off.

When Stephen Klein, a refugee from Nazi-occupied Austria, arrived in New York in 1938, he made a two-day survey of New Yorkers' candy-buying habits. Klein had been

a candy manufacturer in Vienna and believed he knew his business.

He decided to sell bittersweet, Viennese-type chocolates, nearly the exact opposite of the sweet chocolate most Americans bought. His friends thought he was crazy but he made up a batch himself and sold it door to door in New York's garment district, full of first—and second-generation emigres. With them Klein's Continental kind of candy was an immediate hit.

Within a year he had brought his family from Austria and obtained financial backing. With his partner he formed Barton, Inc. They opened their first store in 1940, added four more within a year.

Since 1945, Barton has added 46 outlets—in Detroit, Newark and New York City. By 1951, the company was grossing almost \$7 million and netted \$370,000 after taxes—all because a refugee from Austria had faith.

The men who get ahead—the real successes—share these four basic characteristics:

One—They enjoy their work.

Two—They are honest.

Three—They work with a will, demanding, and getting, their best from themselves.

Four—They have faith—in themselves and their ideas.

How do *you* stack up?

## WHY DO WOMEN LIVE LONGER THAN MEN?



EACH YEAR, over 200,000 more men than women die in this country. The United States Census Bureau estimates that, by 1975, women will outnumber men by about 3,600,000. Already there are 7,700,000 widows in our population, and the number is expected to rise sharply in the years ahead.

An important task facing medical science today is to find ways of correcting the growing imbalance between male and female mortality rates. Ironically, this imbalance is itself partly the result of recent medical progress. In countries where living standards are low and medical care minimal, there was an excess of female mortality until very recently, partly because of the severe hazards attending childbirth. As living conditions improve, changes in disease patterns, declining mortality, and other factors give women an increasingly favorable place in the over-all health picture.

It is possible, of course, that there are biological reasons why women are the healthier sex. Yet there are also many ways in which male lives can be extended.

*The greater death rate for males in accidents, for example, may not be inevitable. Greater knowledge of heart disease, cancer, and other conditions especially prevalent in males would do much to ease the existing differential. And greater understanding of the stresses and tensions of modern life—factors that scientists are more and more identifying with specific diseases—might give us further clues to extending male lives.*

It's interesting to note that women tend to consult physicians more regularly than do men, even when the statistics are adjusted for medical care related to childbirth. Many men still seem governed by the philosophy of an earlier age, when it was commonly assumed that illness did not exist until it was confirmed by medical consultation. Furthermore, the demands of their jobs make it difficult for some men to see a doctor—or perhaps serve as an excuse to keep them from seeing one. It is highly possible that male life expectancy could be raised if more men would consult physicians regularly.

There is, of course, no simple explanation of why women generally live longer than men. But it is important for medical science to find ways of overcoming the imbalance—and it is important for men as well as women to accept the benefits of medical science.—George Bugbee, President, Health Information Foundation.

1872394654937128394565431789345665  
7128934395646172839451676829147295  
6413987234565498723941728394563879  
4938271738495461829194381724566543  
9382711728394536172839453866564321  
6413987234565498723941728394563879  
5649382718293645172839456987125128  
7128934395646172839451676829147295  
1872394654937128394565431789345665  
5649382718293645172839456987125128

**M**EN ARE FOND of collecting figures, pushing them around into different combinations, drawing conclusions from them and quoting them. Many a man has built himself a reputation as a shrewd executive merely by demanding: "Give me the figures!"

What we do with figures once we have them is another story. There is an art in handling the information that figures give. This essay is concerned with the preliminaries: how to get the right figures for the purpose we have in mind, how to throw them into readily-understandable form, and how to protect ourselves against certain dangers.

Unassorted data, no matter in what great masses we gather them, are of little service until we arrange them, classify them, and relate them to one another and to other data. To achieve this, we turn to methods of abbreviating and summarizing the facts we have gathered. The size of a factory may be described by its average

monthly output, and the importance of a bank may be characterized by its average deposits. To compare the income value of two or more stocks, we do not need to memorize long tables of rates of interest, but only to be able to say that the average rate of this stock is six and one-half per cent and of that stock six and three-quarters per cent.

## WHAT STATISTICS SHOW

As defined by Galton, the English anthropologist of the 19th Century, the object of statistical science is to discover methods of condensing information concerning large groups of allied facts into brief and compendious expressions suitable for discussion.

Upon such data there is a host of private and public decisions made every day. Business men make plans in the light of known facts in their field of interest, and check the progress of their business by reference to statistical material collected within

their organizations. Government policy is built upon detailed knowledge about the nation's employment, production, and purchasing power. Legislation on conservation, crime suppression, public health, education, housing, industrial relations and economic stabilization must stem from accurate, up-to-date information.

We do not value statistics for their own sake, but only as they pay for their keep by enabling us to make better plans, to check performance, to close budget gaps. Through statistics we enlarge our individual experience, obtain facts in definite form, simplify and classify numerical facts so as to make them readily comparable, and qualify ourselves to interpret conditions and foresee trends and tendencies. Without planning, we cannot control either business or domestic finance, and planning can only be done effectively when we have a knowledge of conditions such as we gain from perusal of statistical information.

#### DISCRETION NEEDED

There is a cause-and-effect relationship between all phases and areas of business activity. The business man, however well versed he may be in the techniques of his own business, needs to know also the trends in major supplying, purchasing and competitive businesses. He needs to be able to forecast reasonably well from the record of the past what is ahead.

At the same time he must be care-

ful to avoid over-indulgence in statistical control. Too much information may be gathered, adding to the expense of office work. Statistical indigestion may result when we fail to ask the purpose for which data are to be used, and to appraise the value of the information against the cost of obtaining it.

Gathering of statistics should be tested by practicality: what purpose will be furthered by this statistical data? One could keep a staff busy for a long time averaging the numbers in a telephone directory, but it is hard to know what one would do with the resulting statistic. As Dr. J. A. Gengerelli puts it in lighter mood in an article in *The Scientific Monthly*: "Consider for example, the blades of grass on a lawn; what a capital fact-finding project they would make! We could use the very best in stratified sampling devices to calculate an unbiased estimate of the number of blades of grass contained in the defined area." And then what would you have?

Collection of figures, started for a good purpose which was served in a short time, has a habit of going on and on, and even spreading into new areas.

#### SOURCES OF INFORMATION

Most of the information basic to the compiling of statistics in a business enterprise will come from two sources: government departments and the firm's office.

Day after day the statistical departments of provincial and municipal governments issue detailed reports about all facets of Canada's production, distribution and consumption of goods; about population, migration and earnings; about electricity, coal, oil, transportation, agriculture, forestry, fisheries, mining, and, in short, every activity that enters into our lives.

But even in government activity a warning given earlier has some application: statistics should not be collected needlessly. Governments at various levels require large numbers of statistical figures from business and individuals, thus imposing a financial and labor burden on them. It is part of the statistician's duty to look critically once in a while at the resulting mass of data, to keep it within reasonable bounds.

#### PRINCIPLES OF STATISTICS

Most people will agree that if we can measure what we are dealing with, even roughly, it is far better to make some measurement than no measurement at all. In almost all events connected with business we are able to do better than that: we can come very close to accuracy.

The basis of statistics is the law of large numbers, sometimes called the law of averages. We may formulate it in this way: "A reasonably large number of items, chosen at random from a large group, have the characteristics of the group."

When we are dealing with statistics of people, goods, finances, and so forth, we may be able to predict the probable course of the whole galaxy without being able to tell what course will be taken by any particular person, parcel or dollar.

All statistical information resolves itself into simple judgments of magnitude, comparisons between this and that or between similar things at different times.

The principal comparisons based upon statistics are: the same thing at different times; something in relation to a larger thing of which it may be a part; and one thing in its relation to something else which is supposed to influence it.

#### AVERAGES

When properly arrived at, a series of simple averages or percentages may prove effective for business planning and control, and yet be easy to understand. It is, however, necessary that three persons know precisely what is being measured and with what purpose: these are the collector of the raw data, the person who computes the average, and the person using the resulting figure. As Dr. Paul H. Nystrom says in *Marketing Handbook*: "Without this knowledge and familiarity with the conditions that give rise to the data the statistician holding sharp analytical tools is not unlike a small boy holding a sharp knife. Each can do very serious damage."

We have a choice of several averages, and we pick out the one which is most appropriate to our data and most meaningful for our purpose. They are mentioned here just as a reminder that there is more than one sort. The *arithmetic mean*, the most common, is obtained by adding a series of numbers and dividing the sum by the number of items added. The median divides a series equally with the same number of items above as below. The mode is the value in a series that occurs most often. The *geometric mean* sounds more difficult than it is: the  $n$ th root of the product of  $n$  items. If there are three items, you multiply them together and extract the cube root of the product. The *harmonic mean*, used principally in certain cases of averaging time rates, or when dealing with rates and prices, is a special kind of arithmetic mean, working through reciprocals.

The difference between two averages may be illustrated in an example. The arithmetic average of 2, 4, and 8, obtained by adding them together and dividing the sum by 3, is 4.6; the geometric mean of the same figures, obtained by multiplying them and taking the cube root, is 4.

No one type of average can be considered the best, but only the best for a purpose. Each of them has characteristics that are favorable or unfavorable under the circumstances; the statistician selects the type which,

under the circumstances and for the purpose, is representative.

Whatever average is used, it is necessary that the crude data be of the same sort. If we scramble together several distinct classes of individuals and take an average of whatever sort we shall get a meaningless figure. For example, if we put into one table the heights and weights of men and women, the average height and weight would represent neither men nor women. Similarly, the average of hourly earnings in a factory would be meaningless if wages of those working at hourly rates and of supervisory employees working on a monthly basis were put into the same table.

#### INDEX NUMBERS

The index number is a statistical device for measuring changes in groups of data, such as employment, prices, academic grades, and so forth. In order to measure the changes in a large number of varying items, it is necessary to resort to some relative averaging device that will serve as a yardstick of comparative measurement. The comparisons may be between periods of time, between places, or between things that fall into the same category, such as articles of merchandise, persons or factories.

Index numbers must be based upon valid representative samples that are homogeneous. The base period, perhaps a year or several

years, is assigned the value of 100 per cent. Index numbers are computed as relative to the base period. An index of 125 shows that business, or whatever is being measured, is 25 per cent greater than in the base period, while an index of 85 reflects a 15 per cent decline.

Not only business people, but all who buy, are interested in price indexes. Consumer prices, formerly called the "cost of living," cover prices of goods and services normally purchased by families of wage earners and moderate income workers in cities. This index is widely misunderstood. It is merely a barometer of prices for a fixed bill of goods considered as necessary to life. It is not a measure of living standards, which vary from income to income and according to personal whims and desires.

Canada's consumer price index, based on 1949 prices equal to 100, has been hovering around 116 for many months. This means that it takes \$1.16 to buy the same amount of the specified goods as could have been bought for \$1 in 1949.

To ascertain the purchasing power of your earnings today as compared with any year in the past, divide your earnings now by the current consumer price index and your earnings in the earlier year by the consumer price index of that year. This is called "bringing the amounts into dollars of equal value."

It must be kept in mind that or-

dinary index numbers do not relate to quality, but to quantity. A price index may show, for example, that an automobile tire costs twice as much as it did 30 or 40 years ago, but it doesn't show that the current tire lasts about 10 times as long as its ancestor. This might be overcome by building an index that showed the cost per mile of a tire then and now. Judged by utility, the cost might be only 80 per cent of the old price.

#### KEEP IT SIMPLE

How exact must we be in statistical work? It is easy and fatal to think that the detail of our statistics is equivalent to the accuracy of our knowledge about the problem in hand. In many cases of computation we shall find that much meticulous work may be eliminated without significant change. Consider the percentage we find by dividing 375,541,940 by 5,847,159,678. It is 6.4. The same result would have been reached by dividing 376 by 585, and almost the same result (except for a decimal) by dividing 38 by 58.

#### INTELLIGENCE NEEDED

It is not enough to have honest statistics placed in front of us; we need to be intelligent in our interpretation and use of them. Statistical methods cannot be relied upon to take the risk element out of enterprise, nor to create certainty of judgment, nor to predict future events. They are a base upon which

to formulate sound business judgment: that is all.

Among the best criteria by which to judge a statistical statement is the simple test of reasonableness. Is the conclusion consistent with other known data?

Care is needed in determining the existence and extent of relationship between facts reported statistically. Cause and effect are not always to be deduced because two factors move together. For example: we see in a report that 90 out of every 100 bus drivers have gastritis some time between the ages of 30 and 40. We are not justified in concluding that there is any special connection between driving a bus and having gastritis, if this is all the information we have.

It is important to all business enterprises to be able to estimate with at least fair accuracy what the demand will be for products and what the supply will be of components. Such an estimate enables production and inventory to be adjusted to the probable level of sales.

Statistics will not do all this work, but conclusions based upon statistics can usually be applied to the future, under guidance of the user's common sense and experience.

The fact given statistically is the trend-to-now. When we go on to estimate the trend-from-now we must include in our educated guess "everything else being equal" and

"present trends continuing." A non-sense illustration by Darrell Huff in *How to Lie with Statistics* (W. W. Norton Inc., New York) will serve as a warning against accepting trend-to-now without challenge as an indicator of the future. He is writing about the trend of television. "The number of sets in American homes increased around 10,000 per cent from 1947 to 1952. Project this for the next five years and you find that there'll soon be a couple billion of the things, Heaven forbid, or 40 sets per family."

Qualified by the two phrases given above, trend study may pay off well. Too frequently enterprisers are deceived by surface appearances and move into the future without detecting the ground swell that would be revealed if they studied wider and deeper aspects of their own business and surrounding businesses.

In concluding we quote from Mr. Moroney's *Facts from Figures*: "If you are young, then I say: Learn something about statistics as soon as you can. Don't dismiss it through ignorance or because it calls for thought. . . . In this way you will show that your arteries are not yet hardened, and you will be able to reap the benefits without doing overmuch work yourself. Whoever you are, if your work calls for the interpretation of data, you may be able to do without statistics, but you won't do so well."

# LETTERS

... to the editors



## CIDER, ANYONE?

Sirs:

I'm unable to write a personal letter to you. If I would write a personal letter to you, I would have no time for my dark room work and for picture taking. This is much better and faster than handwriting.

I have a few story telling series of proofs and pictures in black and white.

1 photo of blacksnake eating a chicken egg in its mouth

1 photo large 5½ foot flower vase made of stones

1 photo large dice made of stones

8 proofs of snow scene—hemlocks in foreground and background and winding road

Smith Cider Mill at Newport

1 photo apples into maw

1 photo getting ready to go to press

1 photo running the press to press the cider out

1 photo filling jugs

1 photo Mr. Smith drawing sweet cider from barrel to fill gallon jug

1 photo girl drinking sweet cider

1 photo woman 100 years old in top shape—presented the Penn. State

Medical Society 100 year plaque on behalf of Perry Co. Medical Society

If you would care to consider these series I will mail them to you.

Thank you . . . J. S. Shade, Newport, Pa.

## HAT CHAT?

Sirs:

In the September issue of "Manage," Mr. Stewart French states: "In administered price industries, such as oil, a price is more stable but such stability is in one direction only—up, always up."

Your Washington commentator is talking through his hat. In 50 representative cities of the U. S., the price of gasoline, *ex tax*, was 20¢ per gallon in 1925, and 13¢ per gallon (in 1925 dollars) in 1956. This indicates gasoline has not risen as rapidly in price as the general run of commodities. A workman in the U. S. A. can buy more gasoline per hours worked now than he could in 1950 or 1925. And the quality of the gasoline is much higher now than it ever was.

Why doesn't your correspondent stop making false statements? . . .

John F. Harron, Toledo, O.

## FAIR COMMENT

Sirs:

. . . (Recently) I received the October MANAGE . . . which I have read with interest, particularly the two views on the British foreman . . .

As one whom the English could well call a "bloody-minded Aussie" who has spent a brief time both in Britain and the U.S.A., I think the two views add up to fair comment.

I think a lot depends on the size of the company; the smaller the organization, the greater the opportunity for advancement, and the same applies in the U.S.A. and in Australia.

Here, appointment as a foreman almost always requires a man to give up his union membership, and this automatically cuts him off from his mates in some direction. I think the problem is universal and I would be interested in an informal comparison with American practice. . . .  
*W. A. Bayly, Manager of the Adelaide Division, Australian Institute of Management.*

## ENJOYS MANAGE, BUT . . .

Sir:

I was enjoying my current issue of MANAGE until I read that curious mixture of fact and misinformation, "A Cure For Our Tax Ills," by Walter Patenge.

Now, I do not know either Mr. Patenge or his company and I probably would like him if I were to meet him in a social or business

situation. And I would agree with him in that neither of us really likes to pay taxes and we are both quite certain that our Government is not as efficient as it might be. But by the time I had read through his third objection to the Federal income tax I knew: (1) that he is not an economist or a tax expert and (2) that he probably isn't much of an accountant. An economist or a tax expert would know that taxes, particularly progressive taxes, are deflationary in their effect on our economy. An accountant would know that corporate income taxes are not a cost of doing business.

Please continue to give us informative articles by qualified persons and keep such diatribes to a minimum . . . *Robert H. Wright, Buffalo, N. Y.*

## TURTLE OR HARE?

Sirs:

Please let me take issue with Louis Ruthenburg, whose letter you published under the title "Ants in Our Pants," in the November issue of MANAGE. I think he has the cart before the horse—to the great detriment of our thinking on the subject of progress. I won't discuss school integration or alcoholic temperance because I am not promoting a cause. What I hope to promote is logical consideration of the action which I believe is the spark plug of both progress and retrogression—REVOLUTION. (Continued on next page)

Evolution is a natural process, as Mr Ruthenburg points out. However, without the spark of occasional revolution, evolution stagnates much as a flywheel stops if the source of power is removed. It is the revolutionary action of one or more unusually able individuals that sets in motion the evolutionary process that eventually results in sound progress for a large number of people. If those who spark these revolutions are not as wise as they are able, the evolution which follows can become retrogression instead of progress.

Let's be specific. If we can, as Mr. Ruthenburg suggests, stretch the meaning of the word "evolution" to include gestation, then surely we can stretch the meaning of the word "revolution" to include the process that started gestation. And where would we all be without this revolution?

On the other hand, Hitler revolutionized Germany in the Thirties. But he was not as wise as he was able and the result was, as we all know, disaster.

In 1775-83, this country went through the upheaval of a Revolutionary War. That war was followed by a revolution in government—the Constitution of the United States. This basic law has been evolving ever since through addition of subsidiary amendments and laws—some of which might in themselves be classed as revolutions.

Numerous revolutions in other fields have followed as a result of the climate of freedom which encourages peaceful revolution. To name a few—Edison and the electric light bulb, Henry Ford and mass production.

The Revolutionary War set the stage for the evolutionary process (in which a large number of subsidiary revolutions have occurred) which has raised this country from a backwoods colony to the most important nation in the world. Now, does anyone believe that the people of the United States could have become free, affluent, and powerful as they have by a process of evolution that had not been sparked by the Revolutionary War? Consider the English expression, quoted by Mr. Ruthenburg, "the inevitability of gradualness" and compare the progress of any of the colonies of England to that of the United States.

Please, then, give us more revolutions. Only, pray that those who produce them are both able and wise, and that their methods are peaceful . . . *H. S. Holland, Santa Monica, California.*

---

**MANAGE publishes letters of general interest to management personnel. The letters should be addressed: "Letters to the Editors," MANAGE, 321 W. First St., Dayton 2, O.**

---



## No Free Lunch

by Louis Rutherford

WHILE AVERAGE HOURLY EARNINGS mounted by 60 per cent over the 10-year period, their actual purchasing power advanced 32 per cent. That is quoted from the *Cleveland Trust Business Bulletin*; it refers to earnings of industrial workers.

Now a 32 per cent increase in purchasing power over a 10-year period is good. It corresponds to increased productivity. Throughout the history of modern industry, *real wages*, as distinguished from *dollar wages*, have increased in step with increased productivity. In final analysis, in over-all average, they cannot increase faster.

The difference between hourly earnings in dollars and in real purchasing power is a measure of excessive wage demands.

The following paragraph is quoted from *Monthly Digest* published by Stevenson, Jordan & Harrison, Inc.:

*The Government has aided labor unions to force acceptance by all of the employers in some industries of uneconomic wage demands. It has done this by exempting them from the anti-trust laws, and by legalizing union shop restrictions which compel all employees to become members of the union. This has resulted in many industries in increasing costs, which necessitated price increases, which has been an important cause for rising living costs. As a consequence many people have had their buying power reduced.*

Millions of people who are not employed in industry are less fortunate than industrial workers. School teachers, government employees, small farmers, old people—dependent upon savings and pensions—have suffered from dollar shrinkage without compensating increase of income.

Cost of government and taxes is greatly increased as the result of shrinkage in the dollar's purchasing power.

Increase in industrial wages over and above the increase in productive efficiency brings about widely distributed hardships that eventually must be reflected in the welfare of industrial workers.

It is said that an ancient philosopher condensed the entire art, science and philosophy of economics into this single sentence—"There ain't no such thing as a free lunch."

# THE FOREMAN

## MANAGEMENT'S PIVOT MAN

JOHN E. BRENNAN

*Vice President, The Chrysler Corp.*

THE MOST VITAL ASSET of any business enterprise is its management personnel—from its newest supervisors to its highest policy makers. And the NMA Clubs, by their dedication to the development, education and training of managers, are helping to make that asset grow.

The NMA's awareness of industry's need for capable, well-trained managers is reflected in the theme of this year's convention—"Effective Management: Key to Industrial Progress." As my contribution to that theme I would like to turn your attention this afternoon to the production foreman—a man who in my opinion is a key member of any really effective management team. I do not intend to subject you to a barrage of platitudes and cliches about the foreman.

I will try to deal with his job

realistically, and it is my hope that I will be able to add a bit to your understanding of his role in our modern industrial society. Too few people in all areas of management and too few foremen themselves, I believe, are aware of the contributions the foremen can make—and are making—to business success.

A quarter of a century ago the foreman was in undisputed control of his department. He had the power to hire, fire, transfer, promote, demote, give wage increases and dispense awards and punishments. He earned the respect of his men by standing above them in technical competence, or sometimes by simply being the biggest and the toughest of the lot. With the means to reward and punish as he saw fit, he was often a man to be feared. And, frequently, he literally drove his men to work.

*From a speech presented to the NMA's 34th National Conference.*

*But as industry grew increasingly complex, and as we learned more about human relations, the old powers of the foreman began to chip away. With the growth of personnel administration, he lost portions of his duties to specialists in the fields of employment, training and employee relations.*

Service men took over much of his responsibility for the maintenance of tools and equipment. Industrial engineers and specialists in layout, production control and cost control absorbed still more of his authority. As corporate communications lines got longer and more complex, it became increasingly difficult to keep him adequately informed of company plans and policies.

It's all to the good that we have taken drivership and fear from the foreman, and have substituted leadership and human relations. It's all to the good that we have systematized our personnel policies and practices. It's all to the good that we have specialists maintaining the modern, expensive machinery in our factories. And it's all to the good that we have experts at work on the complexities of production and quality control.

But because the foreman is not what he used to be, some people believe that he has become little more than a third-string player on the management team. For instance, a recent magazine article written by a professor of industrial relations said of the foreman: "We should stop

expecting a superman for what in reality has become a job only slightly higher than rank-and-file work."

I would be the first to concede that the growing complexity of modern machines and industrial methods has taken from the foreman some of his authority, but it is also my firm opinion that this same complexity has made his job much more of a challenge and of greater importance than it was 25 years ago.

In an age of specialization, the top-notch foreman has become a specialist, too. His specialty is motivating, coordinating, directing, controlling, instructing and getting cooperation from workers.

The foreman has taken on greater stature in recent years as our concepts of work have changed. Industrial managers once believed that man had to be *forced* to work. But it is now generally accepted that he wants to work—that he disintegrates morally and physically if he does not work. At the same time, we have found that a human being has control over how well he works and how much he works—and thus holds sizeable control over the quality and quantity of the things he is producing. Even in a machine-paced operation like the assembly line, a worker somehow manages to retain a great deal of control.

Industry has found that he will not work at top performance unless he is positively motivated to do so.

For more than half a century most

industrial managers believed that they could get maximum output from the worker by reducing his job to a single motion or to a simple group of motions. But recent studies by human relations specialists and experiments by industry have demonstrated that the one-motion job concept does not automatically lead to peak performance by the worker.

We have seen, for instance, that "utility men," or similar types of workers trained to perform more than one kind of job, are more likely to be satisfied with their work, to perform better, to show less fatigue and to assume greater responsibility.

We have learned that a worker is motivated to do his best work when he identifies himself as a member of a group; when he is given responsibility; when he is planning as well as doing; when his job is a challenge to him.

To put it another way, we have discovered that the worker tends to produce most efficiently when he makes use of as many of his natural abilities as he can—his ability to coordinate, to integrate, to judge and to imagine, as well as his ability to use his hands.

These new concepts of work motivation have a direct and vital bearing on the foreman's task—a direct and vital bearing on all management.

Almost every foreman's job description contains these or similar

words: "He is responsible for production of quality work on schedule." The maintenance of production and quality is the foreman's primary duty. To be sure, he gets a great deal of help from production engineers, personnel men, mechanics, cost-control men and other specialists. The specialists' planning, preparing, designing and maintenance are necessary, of course.

But we get top quality production only when all our machines are manned by workers turning out their best work. The foreman's major tool, then, for maintaining "production of quality work on schedule" is his knowledge of what motivates the worker to perform efficiently on the job and his knowledge of the job satisfactions that tend to reduce absenteeism and turnover.

Whether or not a company has steady, high-quality manufacture of its products depends to a great extent upon how well the foreman applies that knowledge.

I think you may be interested in knowing a few of the ways the foremen are effectively applying that knowledge in the automobile industry today.

Wherever possible, the foreman strives to delegate responsibility to the worker—no matter how trivial it may seem to be. Our foremen have found, for instance, that they can frequently delegate to their men certain duties in training new personnel, improving quality, making

safety measures more effective, and the like.

Consultation is another means of providing added responsibility to the worker. When a production problem arises, our foremen consult with their men and ask their advice on how to solve it. We've found that the workers on the job are often in the best position to make practical suggestions on how to improve production techniques. Through a suggestion-award system, our stamping plants encourage them to offer their ideas at all times. In the year ended August 31, suggestion awards in these plants totaled \$45,000.

There are some workers, of course, who do not want responsibility. But a majority of them welcome it, and we've learned that responsibility, even small responsibility, goes a long way toward increasing worker satisfaction by breaking up the impersonality and the demands of the job.

Another way our foremen are promoting more efficient and satisfying work is by developing among the workers a sense of belonging to a team. Wherever possible, the supervisor organizes his section into a team or group of teams, and sets team goals instead of individual goals. The team may be three men working at a press or a 15 to 20-man group on an assembly line. Schedule fluctuations, absenteeism, job turnover, and the very nature of the job itself sometimes make it difficult to develop team spirit in

factories. But our best foremen are building successful work groups in the face of these handicaps, and they are finding that teamwork pays off in more efficient production and higher quality.

The efficiency of teamwork was emphasized in one of our plants recently when it was necessary to shift 12 men from one job to another to meet a production problem. A foreman's section, composed of 12 men who had worked many months together, was selected to handle the job. Operating as a team under another supervisor, this group tackled a completely new task with efficiency and enthusiasm and skill. And at the end of the day the job supervisor reported back to the crew's foreman that he would be "glad to have those boys back any time."

An interesting footnote to the subject of teamwork is found in the studies of automotive assembly lines by Walker, Guest and Turner of Yale University.

They discovered that when foremen "clearly believed in the capacity and willingness of their men to do a good job, and accordingly acted toward them with this basic assumption in mind . . . the men tended to react in ways which justified the expectations held of them." A foreman who believes his team is always capable of top performance is likely to get top performance.

Personal relations with his supervisors often play a vital part in de-

termining whether a worker is satisfied with his job and whether he is willing to put forth his best work. Consequently, our best foremen at Chrysler try to establish man-to-man relations with all their workers. The imperatives of production in an automotive plant severely limit the time they are able to devote to such relationships.

It's not often that they can hold informal meetings with their men or stop to listen to all their personal problems. So frequently the little things count most.

One of our stamping plant foremen has put it this way: "When a fellow tells you his wife has just had a baby, you've got to stick that fact in the back of your mind. Then, every so often, you have to remember to ask him how the baby is."

This appears to be an unimportant thing, perhaps, but the point is that the foreman—in a small way, to be sure—is establishing a *personal* relationship with this man entirely apart from the job relationship, which is largely *impersonal*.

A good foreman also recognizes that to provide a maximum of job satisfaction, he must act as the leader and spokesman of his work group. And in this capacity he must stand up for his men and interpret their needs and interests to upper management. I firmly believe that it is the foreman's duty—in the interest of sound employee relations and in the interest of maintaining efficient

production—to keep upper management informed of what he considers to be inequities in workloads, production scheduling, training practices, quality control rules and the like.

The dual role of the foreman—as a leader of his men and as a member of management—is frequently misunderstood by some industrial executives.

But all areas of management should recognize that an efficient and successful foreman is more than merely an overseer or pusher of workers. He is the front-line member of management—the manager who keeps production going, interprets company policy to the worker, maintains discipline, passes on orders and participates in the hiring and discharging of individual employees. But at the same time he must interpret the workers' point of view and transmit the needs, complaints and attitudes of his men to upper management. Only by standing up for his men can a foreman become an effective leader of his group, and this practice also provides all areas of management with an accurate means of knowing and understanding the attitudes of the workers.

The dual role of the foreman is particularly valuable in labor relations. The foreman, who is in daily contact with the work force, is the most logical member of management to interpret company labor policies to the workers—provided, of course,

he is kept accurately informed of what those policies are. On the other hand, the foreman is most likely to know and understand what the workers' grievances are—if his men look to him for leadership and help.

With the understanding and support of upper management, the foreman is capable of efficiently handling most grievances as they arise. And he is able to maintain an effective relationship with the union steward. With foresight and planning, the foreman can frequently anticipate grievances and correct their causes before they arise.

This points up one of the most important ways in which higher areas of management can help the foreman to perform his job successfully—and that is to establish an efficient two-way communications system.

To act effectively as a management spokesman, the foreman must be kept constantly and accurately informed of company policies and practices. Unfortunately, he stands at the end of the communications pipeline. Through that pipeline come orders and information from many levels of management. And when they reach him they are sometimes hard to understand and interpret. I have thought of this situation as being somewhat like dropping a quarter-inch ball bearing through a screen of quarter-inch mesh.

It's easy to drop a bearing through a single screen. However,

put several layers of screen together and then try dropping the bearing through the mesh. If you have lined up the layers perfectly the ball will still drop through. But it takes only a slight dislocation to cause obstruction. It is upper management's responsibility to see that these dislocations do not occur and that information and orders come to the foremen as clearly as possible and with full explanation. They must not be delayed or garbled in transmission.

It is equally important to train all management in the art of listening to the foreman. All of us know that listening to another person requires great skill, especially if that person is a subordinate.

FOR GENERATIONS, members of management were accustomed to giving commands and not asking for information or listening to the suggestions of those below them on the pay scale. Overcoming that ancient tradition is not easy.

There is a vital need, too, for lateral communications — friendly give-and-take between foremen and service personnel, and among the foremen themselves. The foreman looks to technical and administrative experts for help in performing his job and recognizes the critical importance of these specialists in modern, complex manufacturing plants. And they realize that jealousies and misunderstandings between foremen can be a barrier to high quality, smooth-running production.

Cordial relations can be promoted by the foremen themselves, but their efforts may very well fall short of the cooperation necessary to an efficient industrial operation unless encouraged by all echelons of management.

Perhaps the most practical way upper management can assist the foreman in maintaining production and quality—and in maintaining satisfying work relationships—is to eliminate, whenever possible, sharp dips and rises in production. To foremen, fluctuations and changes are the greatest sources of frustration on the job. Unsteady production forces reorganization of workloads, disorganization of teams and disruption of planning. Nearly every major difficulty they encounter in quality, production or morale is related in some way to a fluctuation in production.

In the automobile industry, holding production steady is an exceedingly difficult task. Down-time for model changeovers, seasonal variations in sales, occasional and unforeseen fluctuations in demand from year to year, equipment failure—all these make it hard to maintain production at an even level.

However, the management of Chrysler Corporation has directed a tremendous amount of planning and effort toward decreasing the ups and downs of production. We know that we will probably never be able to eliminate all the fluctuations.

But at the same time we recognize that the more stability we get in our scheduling, the more likely our foremen will be able to maintain steady production and constant quality; the more likely we will eliminate costly delays; and the more likely the worker will be able to achieve a measure of job security and satisfaction—to say nothing of the fact that steady production is the surest way to reduce manufacturing costs and to bring the resultant advantages to our customers, workers and shareholders.

Finally, upper management should look upon foremanship as one of its best sources of future department heads, factory managers, and executives in industrial engineering, production scheduling and quality control.

Practical human relations, the organization of work, and the complexities of manufacturing techniques are best learned in the foreman's job. Given a bit more authority and responsibility, the job will become a dynamic training course for top jobs in middle management. As management consultant Peter Drucker has said, it will "again become the gateway to opportunity it has traditionally been in this country."

In most industries the foreman still has too few opportunities to learn how to set objectives, to organize, to plan—abilities essential to higher executive jobs. Upper man-

agement can correct this deficiency to a large extent by sharing with the foreman its headaches and problems.

Professor Ben Lindsay of Harvard University has given this advice to industrial executives:

"Let your foremen worry out your detailed problems, let them have your headaches a while; they'll love it, and will probably come up with better answers than you would."

In this connection, our cost control program at Chrysler is giving the foreman wide responsibility in planning, organizing and setting objectives. Long-range master objectives are fixed by upper management, of course, but the key man in the cost program is the foreman.

He has a voice in setting attainment goals; he has the responsibility for organizing and laying out his job so that those goals will be met; and at weekly cost meetings he has an opportunity to appraise the performance of his team and to help revise work budgets he feels are not realistic.

Upper management must give to the foreman the opportunities of promotion and advancement. It must give him the support he needs to keep production flowing evenly and steadily. It must see that the tools and equipment of his workers are adequate and properly maintained. It must assist him in obtaining competent and capable workers and in training new personnel. It must have

sound employee relations and labor relations policies. For even the best foreman cannot effectively perform his job without constant support from top management.

With adequate backing and understanding, the foreman plays a vigorous role in making management efficient, dynamic and successful. He is the most vital link between the purposes and objectives of management on the one hand, and the needs and interests of the workers on the other.

**B**Y SKILLFULLY MOTIVATING the worker to top performance, by seeking to utilize more fully the natural abilities of his men, by helping to bridge the communications gap between worker and upper management, he sustains the output and quality of products upon which his company's success depends.

By maintaining morale, by developing team spirit, by delegating responsibility, he increases the opportunities of his workers to satisfy their intrinsic need for dignity, their need to belong, and their need for a sense of pride in workmanship and accomplishment.

The dictionary describes a pivot as "that upon which something turns or depends; the central, cardinal or crucial factor, member or part." This definition, I think, can be applied to the role of the foreman in any efficient, successful, well-run industrial enterprise. For he is management's pivot man.

## AUTOMATION vs. Labor Decline

**A**UTOMATION, OF NECESSITY, will be used increasingly to meet a relative decline in the labor force and a larger national output.

This was the prediction made recently by Dr. John T. Rettaliata, president of Illinois Institute of Technology, at the Midwest Conference on Quality Control.

Rettaliata said that automation can lower production costs by increasing productivity of the individual worker and by better control of production and business.

"Automation can, and almost always does, yield a better quality of manufactured product or processed item.

"The combination of these characteristics leads to a more favorable relationship between quality and costs from the consumer's standpoint, which improves profit and, at the same time, advances the standard of living."

To be entirely effective, however, the entire plant—from raw material to consumer—must be geared to automation.

"The huge investment in an automated production line requires that all phases of the business—raw material procurement, manufacture, warehousing, sales, and distribution—be scheduled for the most effective and economic use of the production facility." At the same time, these goals can be acquired only through management understanding and program coordination.

New problems that management must cope with include plant communications, proper employee education and training, long-range planning, and revised cost elements and job descriptions.

Scientists and engineers will be called upon to conceive and develop the tools industry will need to produce the things necessary for the satisfaction of the public's ever-increasing demand for better living.

To meet this need, Rettaliata predicted a change in emphasis in engineering education.

It will not be too long before a graduate degree will be the minimum requirement in engineering, in order to better prepare engineers for their leadership role in the industrial economy, he said.

# BUSINESS NOTEBOOK



by WILLIAM M. FREEMAN

**T**AKE A LOOK at that drawer in the kitchen cabinet where you keep the guarantee and the warranty and the certificate and all the other papers that came with the toaster, the electric fry pan, the hot-water heater and the various other gadgets and appliances. Still got 'em? (Of course you have. Nobody ever throws 'em out).

They're valuable bits of paper, in case an appliance doesn't work and you want it fixed or replaced. Only trouble is, the manufacturers of said appliances are—

## MISSING A BET

—in making customers and keeping same. Here's why: The card has to be returned to put the warranty for the appliance on file, and the manufacturer asks for quite a bit more information than your name and address and the date of purchase. He asks for as much data as the income tax return.

The maker wants to know whether the gadget was bought by a man or a woman, or both; what type of store it was bought in, where and how the user lives, how many in his family and what else he owns in appliances.

None of this, or very little, has any bearing on the warranty itself,

of course. Nor does the manufacturer —so grudgingly agreeing to make good on his product if it is defective —make any provision, in most cases, for the fact that an appliance might be a gift, which means the recipient would not know the name of the dealer, who made the actual purchase or what motivated the selection.

The purchaser of the appliance understandably feels, as does the eventual user, that the warranty is—

## PART OF A PACKAGE

—and that he is being victimized when he is asked not only to supply considerable advertising and promotion research information, but is asked to supply a stamp to get the information to the manufacturer.

There are hundreds of such opportunities for makers of consumer goods to capitalize on their having

made a sale by offering a guarantee without a string on it, and thus keep the customers sold.

If sales could be made without offending the customers perhaps there would be—

#### MORE SALES

—that would stay sold, and the current recession would not be so deep, so wide and perhaps so extended. Actually, there's no reason for a downturn, beyond the fact that scared producers are producing less and scared merchants are buying less, which makes it impossible for consumers to buy more.

Secretary of Labor James P. Mitchell said a few days ago that this country would need 10,000,000 more workers by 1965. He said we'll need to make use of the older workers, the women, the young people and members of the minority groups who now find trouble in getting and keeping jobs.

"The supply of men between 25 and 45 is static," he said. "The low birthrate of the depression years simply did not produce enough males for the booming industry of our prosperous, expansive times."

There is plenty of evidence that this country is—

#### MOVING UPWARD

—in the long-range view, even though at the moment there are more than a few black spots in the economy. The population is rising steadily; it is now close to 170,000,000,

and 200,000,000 Americans are projected for a generation or so hence. This will mean not only new residential construction, but new schools, new cars, new service industries and new factories to make more goods.

David Picket, president of the Gotham Construction Co. of New York, which is marking the completion of 25 years of building Federal courthouses, post offices, schools, shopping centers, factories, warehouses, hospitals and various other structures, takes—

#### A REALISTIC VIEW

—of the outlook. He ascribes the recent and current slump in the housing industry to the tight-money policy, which dried up the flow of investment funds, but he is highly optimistic for the future. Said Mr. Picket:

"We simply must build up an adequate number of new homes to comply with the dynamic growth and development of our population. Since 1940 the population of the United States increased from 132,000,000 to 168,000,000 and it will reach 176,000,000 in 1960. The large number of new homemakers and the continuous rise in our national birthrate make it imperative to create, during the next three years, at least 1,000,000 dwelling units per year, and from 1960 to 1965 we shall need a minimum of 1,500,000 new dwelling units annually."

Other business men are looking ahead and planning for—

## NEW PRODUCTS

—that will make a way of life on a level far higher than many dared even think not long ago. For the home there are fingertip controls for heat and air-conditioning, convenience foods with all the real work done in a processing plant, television in the form of a picture on the wall (and perhaps a program worthy of the technological advance), better textiles, improved furniture and, with it all, color and functional design.

The advances will not be only in the home.

There will be new automobiles, instead of the present slow-selling "new models" that represent nothing more than the addition of "fins" and chrome moved from here to there,

with words simulating airplane language ("Ride with supersonic ease!") that come not from a laboratory but from an advertising man.

There will be new industrial methods, new machinery, new dyes, new materials, new automatic processing devices and a host of other wonders. There is little question that—

## THE FUTURE

—holds a tremendously exciting prospect. The egghead, symbolizing the student, the laboratory and research, is no longer an object of scorn. We are slowly and painfully learning that we can only lose if we fail to realize that our survival rests on the lonely egghead in his laboratory and the discoveries he makes.



"Have a seat, Miss Benson..."

# preventative psychiatry

*...the psychiatrist's role  
and the foreman's*

by Dr. Donald Hastings

IT IS SELF-EVIDENT that one of the vast areas involved in industrial productivity relates to the people—the individual people, and their relations with one another—who compose an industrial organization.

It is in this area that the psychiatrist finds himself on familiar ground, but the psychiatrist has no cut and dried, well worked out, or generally accepted contributions to make to an industry. His professional background is otherwise—that of treating sick people.

What is a psychiatrist? At best a psychiatrist might find that some of his knowledge is usable in a particular industrial setting, but only after he has had opportunity to become acquainted with the industry, its people, and its personnel policies. In actual practice—although the practice is not very common—psychiatrists in industry have been utilized in one of two ways:

1—In the traditional role of diagnosis and treatment as a member of

the organization's medical department.

2—In the non-traditional role of consultant. For example, in one industry a psychiatrist holds continuing conferences with foremen and supervisors centering around actual cases. As an example, a seminar might explore the problem of absenteeism in a worker, alcoholism in another, hostile aggressive attitudes toward authority figures in another, and so on. These seminars would be aimed at on-the-job education of foremen by using actual cases presenting current problems. The psychiatrist sits as a seminar member contributing whatever to him seems pertinent in a particular case. Out of this, there would be the expectation that foremen might become better acquainted with certain psychiatric principles and practices and be able to apply them to any given situation.

A psychiatrist, in the non-traditional role, might also act in a similar

capacity to management, participating in personnel policies, etc.

But let me remind you that any such non-traditional role requires that the psychiatrist himself be educated with respect to the industry he seeks to serve, and that he must feel his own way along in his individual organization.

One area in which psychiatry has a very definite interest is in you—the managerial and executive group:

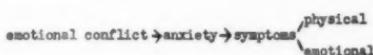
- You are of utmost importance to the U. S. and it takes a long time to develop one of you.

- You tend to be a forgotten group and, like doctors, not many of you, I suspect, have an eight-hour day or a 40-hour week.

- Too many of you, like doctors again, die much too early of coronary disease, and far too many of you develop the diseases of stress such as peptic ulcer and high blood pressure.

- Too many of you encounter serious problems in the conflict of time between home and family vs. business requirements. This is a special field of interest wherein executives and physicians alike have all too similar problems and these are areas which are beginning to receive a good deal of thought both within and outside of medical circles.

Let me turn now briefly to one or two rock bottom concepts to give you some skeleton idea of how a psychiatrist might view certain aspects of behavior.



Anxiety, as psychiatrists use the term, covers unpleasant feeling tones such as panic, neurotic fear and guilt, rage, apprehension, etc.

Anxiety is to the emotional life what pain is to the physical life: a red flag—a signal of trouble. Like pain, it is a common life experience and does not denote in itself an abnormality. Being normal does not mean being without anxiety but, rather, being able to handle it or take some action about it. Like pain, anxiety demands that the person try to get rid of it, if it occurs in any degree.

How anxiety is handled by individuals determines the outcome. The psychiatrist calls these "defenses against anxiety."

#### Examples

- ...self medication with alcohol
- ...dogmatic attitudes
- ...fault-finding with others

*How does a foreman tell when trouble exists?*

1—By being told by the worker.

---

*The author is chairman of the department of Psychiatry and Neurology, University of Minnesota. This article is adapted from a speech presented to the NMA's 34th National Conference.*

---

2—By his own observation or those of others.

Emotional difficulty exists when the life the person is leading is consistently unsatisfactory either to himself or those around him or both. A change away from the usual or known personality make-up is a very important sign.

#### WHAT DOES ONE DO?

It is axiomatic that help for an emotional disturbance lies within a good interpersonal relationship, wherein one person may discuss his troubles. While one can suspect or directly observe the outer signs of trouble, the only way to discover what is producing the difficulty is to

hear it from the person in trouble. And this involves an interpersonal relation between two people.

*What are requirements for helpful counseling interview?*

- 1—Privacy
- 2—A reputation for confidentiality
- 3—A sympathetic but objective viewpoint: avoid judgments

- 4—Avoid direct advice unless well considered

One attempts to help the person view his own problems, to verbalize them, and to come to his own decisions. Such an approach helps a great many people over humps in the road.



"With all our benefits, you certainly can't expect a salary, too!"

**A**LL RIGHT, SO now you're a foreman. Buddy, you need some advice. Plenty of advice. And it is offered because you've got to agree that a person should never get into a strait-jacket without knowing where the buckles are.

First off, there are certain rules you should follow if you want to be successful in your new capacity. The title "Foreman" doesn't mean very much unless you start *acting like a foreman*.

**ONE**—*Snarl and scream at your fellow workers.* You know you arrived at this eminent position in the grand hierarchy of the company because of your unique qualifications and unexcelled efficiency. Therefore, when the occasion demands, your new exalted status entitles you to exchange your former personality for that of a whip-bearing, snarling overseer. You now know, of course, that those stupid slaves under you need a boss like you—they've got to have somebody to hate.

**TWO**—*Never consider your fellow workers as human beings.* Naturally, you've heard the new-fangled term "human relations," but that's some unproved theory having nothing to do with operating a company. After all, you are the only real human being working here. All the others are only inefficient machines. If you try to make the work of these peons a little easier, the effort will only tire you out. You've got to deal with people as if they were blundering,

## **ADVICE**

### **to a new foreman**

*by William G. DeWolf*

**... . a well-trod path  
to certain failure**



inefficient cogs in a clattering machine. And if they don't fall into line, you have access, of course, to the only true "human relations" incentives and inducements such as dripping water on eyeballs, matches under the toenails, hot pokers, colonic with boiling oil, and other useful tools of modern management.

**THREE—Don't let subordinates know what is going on.** Never give facts to peons; they do not have the intelligence to interpret them correctly. No one is as smart as a foreman—even though nearly all foreman worked their way up and were, consequently, human beings once themselves. If you pass needed information on to subordinates, you'll put them in the position of knowing as much as you do. You can see right here you've got to be extremely careful. One plant manager called all of his foremen in and said: "Fellows, I started at the bottom just like you did, and I've given you so much help and information there's no reason why any one of you couldn't take my place—that's why I'm going to fire the whole damned lot of you."

**FOUR—Avoid making decisions.** Through studied procrastination and other careful planning, you too can learn the fast footwork of clutch dodging and the nimble ducking required of any executive when a decision seems to be necessary. If a situation arises where you believe you are going to be forced to make a decision, never indulge in the fanci-

ful dream of your mercurial advancement in the company if you should be lucky enough to guess right. If you do happen to guess right, you can rest assured that someone higher up will take the credit. On the contrary, weigh precisely the consequences you will suffer if you should guess wrong. Naturally, you will get the full blame.

If you develop the true, selfish habit of looking ahead, you will be able to recognize a decision looming up days in advance, and thus you will be in a position to let it sputnik over your head with gloating comfort to spare.

By all means, practice avoiding decisions with all your artful, dodging wiles. But if you must make decisions . . .

**FIVE—If you must make decisions, make them on little problems only.** If you sense the opportunity to make decisions on extremely trifling matters, jump into the breach with flaring nostrils and arms akimbo.

"Yes, of course, sir. I told the inspectors they could take an extra three minutes for dinner before they came back to work a double shift tonight. After all, sir, it is Christmas Eve."

". . . Yes, Mr. Bottomley, sir, I did tell the janitor to wipe up all that blood on the stairway. Slippery, you know, sir. I did, sir, and I'm proud of my decision."

It is vital that you learn to distinguish between big and little prob-

lems. Avoid the all-out, critical issues with the same enthusiasm that you welcome unimportant trifles. An executive who has managed to remain an executive for a long time is one who learned early in the game that he must force someone else to make the critical decisions. Portholes are still installed in boats; but only because there are people who still insist on sticking their necks out.

SIX—*Rely on imagined company policy.* You can sometimes avoid the wear and tear on yourself in the attempt at avoiding a decision if you can point to a convenient, wanted, or imagined "COMPANY POLICY." If a subordinate asks: "Can we pay a standard rate for trimming that new type of bixel joint?", your deep-thinking, chin-stroking routine need not go too far if you rely on *imagined company policy*.

"No, Barbarstahl," you say. "Implied Company Policy established in December, 1917 expressly forbids any affirmative or negative action in this matter."

SEVEN—*Seek the advice of others but belittle them if you follow it.* It's a sign of weakness if you admit that the other guy is right. It's much smarter to use the good suggestion—under your own clever and sly disguise, of course—and then laugh uproariously in the conference room if he happens to bring up the fact that he fathered the suggestion. With appropriately bribed conferees on your side, the laughter can reduce

the originator to tears. And then the tears, even, become cause for greater laughter.

EIGHT—*Appear to be thinking before you speak.* Through conscientious study before a mirror at home, you too can learn the truly vital essential of "appearing" to be thinking. Now, this fundamental is extremely difficult for most people to learn. That is, most people can think; but they cannot *appear to be thinking*.

The well-trained foreman—whether he is shuffling unimportant papers on his desk, gazing catatonically at a cement mixer, nodding understandingly to whatever a worker is complaining about, or ogling the new blonde in the packing department—can "appear" to be undergoing extreme mental concentration.

Appear to be thinking and then avoid the decision with something like this: "Well, yes, Barnaby, your suggestion might have considerable merit. But, of course, it first deserves considerable conscientious cogitation . . ."

This can take months, if you work it right.

NINE—*Don't make notes.* In conferences don't make notes of anything and don't allow anyone else to make notes. Rely on your memory. If you don't allow others to make notes, they can't pin anything on you. When the accused says: "But you told me last week to try some No. A-100 Plileak." . . . You

reply: "That's where you misunderstood me. Actually, I told you *not . . . etc.*"

TEN—*Put things off. Procrastinate. Take your time.* Nothing needs immediate action. It is disastrous to move immediately. You need time to think, to relax, to procrastinate, to pile things up, to hire an assistant to make the decisions which if wrong somebody higher up can fire him for.

ELEVEN—*Never sit down alone to try to analyze your problems.* You need company, my boy... Company will keep your mind nice and conveniently cluttered so that you won't rush into making a decision.

TWELVE—*Always have at least 100 alternate solutions.* This way you can say: "Well, I suggested that solution in November, but nobody did anything about it."

You, of course, experienced as you are by this time, know that situations change rapidly. The whole tenor of union negotiations, for example, can change overnight. Come up with at least 100 answers to every problem. And present them all. This way you can never be wrong. "I would give them a \$.10 an hour offer if I hadn't already settled it in my own mind that they would accept \$.06 if we offered \$.04 on a two-year contract on a \$.05 and \$.04 basis if they accept, which they might or might not."

Follow the above simple rules and you, too, can learn to act like a foreman. I worked these precepts out myself and followed them religiously. And look at me now. No longer am I a foreman. Now I'm a third-rate ditch-digger.



"I like it, and YOU like it, but will the DOGS like it?"



## Convair Management Club of Ft. Worth

# Management Team of the Month

AT LEAST 2,500 BOYS attended the Annual summer camp last year at the YMCA's Camp Carter on the near-northwest edge of Fort Worth, Texas. In fact, they have been doing this for a number of years, ever since the grounds and many of its facilities were donated by that Texan of Texans—Amon G. Carter.

But, the boys would have been denied the summer outing this year had it not been for the members of the Convair-Fort Worth Management Club.

When the torrential rains of the early spring subsided, and folks had cleared away most of the flood-deposited debris and mud from their homes and yards, the word of the havoc created at Camp Carter made its rounds.

Fences, foot bridges, and outdoor furniture had been washed away by the flood waters. Boat docks were gone. Metal furniture—what was left of it—was rusted. The once beautiful swimming pool was now filled with a yellowish-black slime.

The Camp Carter committee was called into meeting and the dismal

story was unfolded. The camp was beyond repair, at least for 1957.

The survey committee reported that several months of hard work would be required to clean up and repair the camp. There simply wasn't enough time before the camp was scheduled to open.

One of the men in this meeting was I. B. Hale, an active member of Convair's Management Club and also Convair's representative on many of the community's youth organizations.

Hale was an interested listener as plan after plan was offered and then put aside.

Committee members felt that solicitation for money to handle the job would be untimely. Other plans were thwarted by the enormity of the labor involved.

Hale finally offered a suggestion that literally broke up the meeting.

If the "Y" would buy the necessary materials, Convair's Management Club would do the work!

A quick phone call to A. E. Northcott, management club president, brought formal approval to the proposal.

Northcott put the work into motion with a quick meeting that appointed Frank Clayton project chairman, with Hale as his co-chairman.

Clayton, who is Convair's chief plant engineer, recruited a survey team that waded through the debris of the camp to determine what work had to be done, what materials and tools would be needed, and to estimate the manpower requirements.

His manpower team passed the word to club members in Convair's many departments to seek the required volunteers.

The following Saturday morning found over 500 men swarming into the camp to excavate, paint, and rebuild.

A Convair fire truck pumped out the camp pool and volunteers then tackled the job with shovels, brooms, and fire hoses.

Carpenters repaired damages to buildings, made new tables for the dining room, and with help of some engineers soon had new bridges spanning the streams that wind through the camp.

Original plans called for the job to be a *one-day* operation, but at the end of that first Saturday there was still work to be done, since the flood waters had reached into places unknown until then.

Rescheduling their weekends, the management men came back twice more to finish the job.

YMCA officials gave a conservative estimate of over 5,000-man hours spent in the renovation.

Result: Camp officials say the place is in better shape than ever. Bridges are wider and stronger, the camp's entire electrical system has been modified, and the painting has given the place a face-lifting.

And Convair's Management Club came in for a nice pat-on-the-back from several sources.

As an example, the Fort Worth *Star-Telegram* ran an editorial lauding the club as one that "has made almost a habit of performing community good works on a massive scale. Whatever is required, whether manpower or money, it has shown itself willing to offer without stint."

Each man who volunteered his services received a "Distinguished Service Award" and a Friend-of-Youth membership from the YMCA.

But, best of all, the men are happy with the knowledge that 2,500 youngsters went to camp last summer without a hitch in schedule.

*J. E. Northcott, President;  
Convair Management  
Club of Fort Worth*





# ACT on FACT

by James Black

FATHER, I CANNOT tell a lie. I did it with my little hatchet!" Who can ever forget that famous punch-line of Parson Weem's apocryphal tale of the youthful George Washington and the cherry tree? Well, the redoubtable parson, who himself never let truth interfere with a good story, created a legend about the Father of Our Country that gave Washington a reputation for veracity that endures to this day.

A reputation for telling the truth is a valuable asset, particularly when it's a case of your word against the word of someone else. The character and integrity of a witness may be the deciding factor in a dispute where there is little factual evidence to go on. The foreman whose honesty and fair dealing have won him the respect of his subordinates is in a strong position in any argument.

## NO "TOTE THAT BALE" FOR BIDDLE

It happened like this: On a crisp January morning a man we'll call Thomas Biddle reported to his job at a Midwestern metal fabricating plant. Biddle was a dryer in the

molding department. He had 21 years seniority and was something of a leader among his group. Biddle, in point of fact, had been around his shop such a long time that he seemed to believe he had a vested interest in his job. And it showed very plainly in his attitude. He worked as he saw fit, and certainly he had no hesitation in giving his opinion, on any question, to his supervisors or to anyone else who cared to listen.

On this particular January morning, Biddle was just not in the mood for work. He reluctantly dried two small molds. This took about 10 minutes. His shift began at 7 A.M., and here it was not even 7:30. The

day stretched out endlessly before him. He had a leisurely cup of coffee. Then another. Next he went to the bathhouse. He looked at his watch. The hour hand was pointing sternly at 8. Seven more hours to go.

Biddle strolled over to visit friends in the shake-out pit. The pleasant conversation that followed killed another 30 minutes. It was time for breakfast. Biddle had just sat down in the company cafeteria when his foreman — Charles Werner — approached him.

"See here, Biddle," said the supervisor, "What about eating breakfast at home? Right now we would like to get some work from you."

#### A STORY OF AN ARGUMENT

What happened at this juncture is a matter of dispute. Foreman Werner described it this way, "Biddle became furious when I asked him to go to work. He grabbed me by the arm and walked me through the shop for about 15 feet saying, 'I will take you out to the gate and I will fight you until I can't see you any more.'"

Incidentally, Biddle was a large and powerful man, while Werner weighed close to 125 pounds soaking wet. When he put his hat on, he measured almost five feet, eight inches tall, especially if wearing shoes.

Biddle denied this account. "Mr. Werner came to me when I was eating my breakfast snack which I am entitled to do. He waved his finger in my face threateningly and

demanded that I go back to work. All I did was brush his fingers out of my face. What I said was, 'Mr. Werner, if you're going to whip me why not take me outside?' I did follow him into the shop, but only to calm him down."

Of course, any employee who attacks his supervisor physically is subject to immediate discharge. And Biddle was fired. He denied he had threatened his foreman or so much as put a finger on him. A grievance was filed. Eventually the argument was heard by an arbitrator.

Curiously enough, neither the company nor the union could produce witnesses who had actually heard what Werner and Biddle said to each other. So essentially it was a matter of Werner's word against Biddle's.

The company argued its case this way. It told of Biddle's morning activities, or rather, lack of them. Naturally the facts of the company's version of the matter were supplied by the supervisor.

Then the company said, "Biddle was a surly, aggressive employee. Mr. Werner had occasion to speak to Biddle's shop steward at least four times prior to the fighting incident about inferior quality of his work and his indifferent attitude. Indeed, there had even been a previous instance when Biddle had shoved his supervisor in anger. Werner had warned him about it and told him 'laying a hand on a foreman' is cause

for dismissal. But evidently this made no impression, for only two weeks before the controversy which brought about his termination, Biddle had been insubordinate, had failed to follow instructions, and had 'stalled' on the job. He had not been punished for his offense. He had simply received another warning."

"There were no witnesses to this argument," continued the company, "but we know that Mr. Werner's version of the affair is absolutely accurate. Look at his record! He has been a foreman in our plant for 15 years. Biddle has worked for him for five years. He is mild-mannered, patient and long-suffering. During the entire time he has been in a supervisory position at our company he has never once found it necessary to fire a workman. In his dealings with Biddle, Mr. Werner leaned over backwards to be fair. No one could accuse him of having handed down an arbitrary or heavy-handed decision. He had been threatened with violence. He had been attacked physically. He had no other recourse but to dismiss Biddle. Mr. Werner's reputation for truthfulness is well known and respected. But he is not asking you to accept his word. He is willing to take a lie detector test, and we will abide by the results."

#### WHO DIDDLED BIDDLE?

The union countered these arguments with the following statements:

"Biddle was entitled to have a breakfast break. He didn't think he was doing anything wrong. Mr. Werner, on the other hand, had worked himself up into a lather of excitement. He was furious because he had been unable to get Biddle to work. Whether his state of mind was justified or not is beside the point, but it does explain his unreasonable attitude in his argument with the employee. Biddle did not strike Mr. Werner. All he did was try to keep his finger out of his face. He didn't threaten him. All he said was, 'Wait a minute; if you are going to whip me, take me outside.' He meant this as a pleasantry. He followed Mr. Werner into the shop, trying to calm him down, but the supervisor had lost his head.

"The testimony of the two men is completely contradictory. It is impossible to reconcile their conflicts in testimony to make sure which one is telling the truth. This means we cannot be sure what is the truth. Therefore the testimony furnished by the company and Mr. Werner is not just cause for discharge. If Mr. Werner did wave his finger in Biddle's face, it would be only human for Biddle to push his hand away. Also, under such circumstances, it would be only human for Biddle to push Mr. Werner away. Consequently, Biddle was unfairly discharged and deserves to be reinstated with back pay."

## THE QUESTIONS FOR AN ARBITRATOR

The arbitrator was faced with two questions: (1) What actually were the facts of the case? (2) Given the facts, were they just cause for discharge?

He considered the problem, and then said, "Regarding the facts, I am in a difficult position. The testimony of the two main witnesses is in conflict. There are no direct witnesses to the event. Minor discrepancies in the stories are to be expected, but the differences in this case are so great I must conclude one of the witnesses did not very seriously regard his oath to tell the truth. Which one? The union is right. We can't be sure. I cannot be unmistakably certain whether Biddle or Werner is being truthful. But because I cannot be 100 per cent sure it does not follow that automatically I must resolve the case in favor of the discharged employee. To pursue such a policy would put a premium on lying. I cannot be a party to establishing such a precedent. I must sift and evaluate the testimony to the best of my ability to reach the best conclusion I can as to the facts of the issue.

"In doing this I cannot escape the conclusions, and they're very strong ones, that Mr. Werner's account of the affair is more accurate than the account of Mr. Biddle. Obviously, from his record as a foreman, Mr. Werner is not a man to seek refuge

in a falsehood for the sake of discharging an employee he doesn't like. No foreman, having failed to fire a man in 15 years, is likely to resort suddenly to falsification of facts in order to find a basis for terminating an employee who has worked under his jurisdiction for five years—even if he has difficulty in getting that man to do his work.

"On the other hand, the evidence indicates that the behavior of Mr. Biddle is frequently not what it should be. He is a man, and I judge this from the testimony, who is capable of violent temper. We have had witnesses who testified that on an earlier occasion he did shove Mr. Werner. And that 'shoving' was not 'friendly jostling,' as Mr. Biddle claimed.

"From these facts, from the very 'patness' of the stories union witnesses have presented, I believe that Mr. Biddle did shove Mr. Werner, did threaten him, and did act in an insubordinate manner.

"Is that cause for discharge? It undoubtedly is. No management can maintain the minimum discipline necessary to run a plant, direct its work force, and maintain safe working conditions if its supervisors must submit to abuse, even physical violence, when they insist that employees do their assigned jobs. Even if Biddle were within his rights to stop for breakfast, even if Werner should have waited until he finished eating before 'getting on

him' for not working, the violent reaction of the employee Biddle was completely unjustified. Were I to concede that Mr. Werner's conduct was as unreasonable as the union has pictured it, his act was still not sufficiently provocative to excuse Biddle's actions. Employees simply cannot be allowed to do violence to their supervisors or to threaten them with a physical beating when there are differences of opinion.

"I recognize the long service that Mr. Biddle has with his company. I dislike seeing an employee with 21 years seniority lose his job. But I cannot ignore the seriousness of reinstating an employee and absolving him of any implications of wrongdoing when he has contemptuously and in anger shoved his foreman and pulled him toward the gate while threatening to take him there and 'fight him until he can't see him any more.' This discharge was justified. The grievance is denied."

#### A MAN'S REPUTATION

The reputation of Foreman Charles Werner stood him in good stead. It convinced an arbitrator, and without a lie detector test, he was telling the truth despite the fact that the other party to the dispute told a diametrically opposite story. The idea many of us have that in an argument between two people over an event or an act where no witnesses are present, except themselves, it is "just one man's word against another's, and

nobody can prove anything" is likely to be very wrong.

One man's word is frequently quite a bit better than the word of another. If you've ever been arrested for speeding and you tell the traffic judge you were going 50 while the arresting officer claims what you were doing was more like 60, you can place an odds on bet on who will be believed and who will pay the fine. Of course, the justice handed down by many a traffic court is of the kangaroo kind and the comparison is admittedly not too accurate. But it does go to show that one man's word is not always as good as another's.

#### WERNER'S FOREMANSHIP

Foreman Charles Werner was absolutely right in his handling of the Biddle case. However, there are some very obvious facts that came out in the hearing about the quality of his general foremanship that we should consider. Obviously, Werner was patient, mild-mannered and long-suffering. He had put up with a truculent, surly and insubordinate employee for five years. He had even permitted Biddle to shove him around on one occasion, only to let him off with no more than a warning. What's more, Biddle's work record was very bad. Four times Werner had spoken to the shop steward about it.

Here we come to a point to think about. Why had he spoken to the

shop steward at all? It is not up to a union official to maintain discipline in a plant. That's management's job. Why had he not spoken directly to Biddle? If he did, the record doesn't say so. Naturally, in the interest of good communications he could have told the shop steward of Biddle's offenses and what he planned to do about them. But that would have been a matter of keeping the union officer informed of employee problems, not of seeking his collaboration in handling a discipline case. Moreover, Werner didn't do a thing about Biddle's "goofing off" until he had practically been goaded into it. Then he blew his top. His anger was justified, but he would have probably been more effective had he kept his temper.

It's easy to second-guess a supervisor, and the records of an arbitration case are impersonal and factual. They never tell the whole story. But, judging the affair of Biddle and Werner solely from the written record of their argument, you are almost forced to conclude that perhaps Werner's problems were largely brought about by his refusal to assert himself. He was too nice, too easy going, too kind-hearted. An employee like Biddle should have been sat on hard the first time he stepped out of line. If he had been given a three-day suspension after one or two incidents of poor workmanship or insolence to his supervisor, he might have learned his lesson. Certainly,

the first time he laid hands on his boss there should have been a head-cracking lowering of the boom. The very fact that Biddle thought he could get away with anything because he had already gotten away with so much does not suggest strong supervisory leadership.

#### IT'S THE MAN WHO COUNTS

It is true we must keep in mind that Biddle was big and Werner was small. But size has nothing to do with the power to command. When Babe Ruth was riding high back in the 1920's on 59 home runs he flouted the orders of the diminutive Miller Huggins, then manager of the New York Yankees. But Huggins would not permit even the Babe to be bigger than his team. Once on a train ride Huggins reprimanded Ruth. Ruth didn't like it. He picked up Huggins, marched him to the observation platform and held him at arm's length from the rear of the speeding train. Huggins' answer was prompt. He suspended the untouchable Babe Ruth and socked him with the biggest fine in baseball's history. What's more, the fine stuck.

Babe Ruth was a man who could profit by mistakes. He saw he had been wrong and Huggins right. And he acquired tremendous respect, and later liking, for his pint-sized manager.

You don't have to be big to be boss. You don't win loyalty from subordinates by letting them get

away with things. They may construe laxity as weakness. Nor do you have to be tough and arbitrary. You simply have to know your job of directing people. And you have to do it. That's being a boss. And maybe that's what Biddle needed—a boss.

(This case is based on an actual one described in the LABOR RELATIONS REPORTER. Names have been changed to protect identities.)



"According to our tests, you're a psychotic with manic-depressive tendencies—just the type to sell our Jim-Jiffy combination can-opener, pipe wrench and ice-cube crusher."

# *How* WOULD YOU HAVE SOLVED THIS?



by Lloyd P. Brenberger

**NOTE:** To be considered for \$10 cash awards and certificates of special citation, all solutions to the problem must be post-marked no later than March 10, 1958. Address your solutions of no longer than 500 words to Editor, MANAGE, 321 West First Street, Dayton 2, Ohio.

## PROBLEM No. 24

### THE LAST STRAW

The Orf manufacturing company is a small (750 employees) specialized firm engaged in precision machining. The plant is organized with the local affiliated with one of the national unions. Not too long ago, Orv, the foreman of the tool room, discovered one of his machinists loafing. This was not just an ordinary machinist, but the vice-president of the local. When Orv confronted him with the fact, the man readily admitted that he was guilty of "soldiering," but that he thought this was acceptable because everyone else did it. Needless to say, Orv was speechless. However, he recovered enough to ask the man into his office, whereupon he issued a reprimand that carried a three-day disciplinary lay-off. The man appealed through the grievance procedure, indicating that the reprimand was discriminatory in view of the "prevailing practice." How would you have handled the situation had you been Orv?

*(Remember the deadline: March 10, 1958)*

**THIS WAS SUPERVISORY  
PROBLEM NO. 21**

There are times when the little problems are more difficult to solve than the big ones.

Charley Woe, second-shift shipping foreman of Elegarf Inc. recently came up with what he called a "little" problem.

The situation was this: the work load on the second shift did not justify a full-time lift-truck operator, so Charley asked one of the boys to take over on the truck long enough each night to get the work done. In trying to be fair, Charley asked them to rotate each night. He felt this was a reasonable request because there was no rate differential involved.

Things went along smoothly until one man started a torpedoing campaign. His technique was to refer to those who drove as "Charley's little apple polishers." It wasn't long before all but one were extremely reluctant to drive.

This helped the situation because the "torpedo man" could concentrate on him alone. Finally, one night the lone hold-out approached Charley and said, "I can't take the ribbing anymore; you'll have to get someone else." Charley knew that if he charged insubordination he could get someone but he didn't want to resort to this if he could help it. Can you help him out?

---

**GENERAL ASSEMBLY**

By C. F. Thomallo,  
*Hughes Aircraft Co.,  
Tucson, Ariz.*

Accepting the premise that all men are human and reasonable when respected as such, Charley should call a general assembly of all persons under his supervision. At this assembly he should tell why a full-time lift-truck operator is not justified, why it is necessary to ask for volunteers to pinch-hit on the lift.

Charley could avail himself of this opportunity to express the employer's posi-

**THE WINNERS**

Here are the best solutions to the supervisory problem No. 21. The winners have received checks for \$10 each and a handsome two-color Merit Award certificate suitable for framing.

---

tion—the fact that the employer must be a good businessman if he is to remain in business, that no reasonable employee will ask his employer to operate at a loss, that the employee and employer are mutually dependent on each other and, consequently, both are responsible for the success of the business. This approach constitutes good communications, a respectful expression of confidence in the employee.

Now Charley might ask for volunteers to operate the lift-truck. He might even ask the "torpedo man" to assume the responsibility of apportioning the truck-lift assignments to the volunteers.

Handled in a spirit of humility and reasonableness, Charley will have no more torpedoing campaigns.

---

**ROTATION NOTATION**

By Ralph D. More  
*Fond du Lac, Wis.*

It seems that in order for Charley to solve his "little" problem, he must apply direction to his requests.

Here is what I believe caused Charley's tale of woe. When Charley first encountered this problem, he asked his men to rotate each night on the lift truck job. This was a fine idea. However, Charley—while he was talking to his men on this problem—should have gone one step further, and added direction to his request.

As the program was initiated, the men had an assignment without the inclusion

of the all-important factor of "when" the assignment was theirs by rotation. The result was that some of the more willing men went ahead on the lift truck but others held back, and one man in particular started to torpedo the campaign with his "little apple polisher" charge. In a climate such as this the torpedo had its effect.

In order to get back on the right track I recommend that Charley call a meeting of the men. Again ask them to rotate on this job but be sure to designate the time for each man's assignment.

One way to do this would be to make a roster chart of those involved and have a check-off system after each man has finished his turn. This little added direction assures equality and leaves no one open to the charge of "Charley's little apple polisher. . ."

#### FAILURE TO DEFINE

By Antone P. Pathe,  
Lima, O.

This situation calls for authoritative action by the foreman. He must establish a just and equitable method of assigning his employees to the fork lift truck for the time periods it will be used. He should have realized that without definitely allocating the responsibility, any informal system lacks discipline. He should not attempt to punish or discipline anyone for his own failure to clearly define the job. It certainly is—and was—his responsibility to assign his men to this job.

There are many alternatives open to him which would circumvent any in-subordination charge at the present time. Depending upon his circumstances, the following are a few possible alternatives:

**ONE**—Determine the hours in which the fork lift is actually used and assign a different man each night to operate it for this time.

**TWO**—Determine the hours in which the fork lift is actually used, and create the fork-lift job with a slight increase in pay for these hours. Then place the job open to anyone on his crew who desires it (on a seniority basis, of course!).

**THREE**—If the fork lift can be used at any hour, and it is not restricted to only certain times, then the problem becomes a bit more involved. He should take the number of men who are in his crew and assign each man an equal time period each night to be responsible for the fork lift operation.

Then, the entire shift will be operators at some time during their work day. In order to insure an equitable distribution of work, rotate the time assignments of the crew so that everyone will not work on the fork lift at the same hour each night.

While these are but a few, I would be more inclined to favor the third alternative because it would continue to pay the same rate without disturbing the wage structure, and it would place one individual responsible for the fork lift operation each hour of the shift.

*Professor Brenberger, who writes the problem for "How Would You Have Solved This?" and judges the entries of contestants, is head of the Department of Industrial Engineering of the University of Dayton. He is a graduate of the General Motors Institute and has had wide experience in industrial relations and engineering. In recent years he served as a project supervisor for a secret Air Force and Navy research program. He spends part of his free time conducting a specialized management development training course, which he organized for Air Force reserve officers.*

Because the ability to make decisions is an extremely complex thing, Tele-Manage will help provide answers to ever-present dilemmas in this important function.

We in the audience will get the most up-to-date, immediately-useful information on making decisions that has ever been presented—with all the drama, power and retention-value of a live closed-circuit TV production featuring famous personalities in the management field.

Guiding the action-packed hour-and-a-half program are two skilled moderators—Arthur H. "Red" Motley, president of Parade Publications, Inc., co-founder of the Tele-Sell method of dramatized education, and John L. Shirley, a leading authority on human relations and communications in business and industry.

Our national club education director, Bruce Rozet, has participated in the creation and development of the entire Tele-Manage project, representing the NMA at conferences and script sessions for the new program.

Because Tele-Manage offers an outstanding opportunity for improving the quality of management supervision, the officers and directors of The National Management Association have given their wholehearted support to this event.

Full details on Tele-Manage are being sent now to all our NMA clubs in cities where the telecast will be received. I trust that each of you will make a special effort to participate in this national "first" for the NMA.



## NMA CLUB ANNIVERSARIES

**FEBRUARY:** 15 years—North American Aviation Management Club, Los Angeles; 10 years—Budd Management Club of Detroit; Chicago Rawhide Management Club; Formica Management Club, Cincinnati; Kawneer Management Club, Niles, Mich.; Lindberg Steel Treating Foremen's Club, Melrose Park, Ill.; Naylor Pipe Management Club, Chicago; Valparaiso Management Club, Valparaiso, Ind.; 5 years—Sylvania Lighting Management Club, Salem, Mass.

**MARCH:** 10 years—Guyan Eagle Supervisory Club, Amherstdale, W. Va.; Island Creek Management Club—Wyoming Div., Marianne, W. Va.; 5 years—Aerodex Management Club, Miami, Fla.; Art Metal Foreman's Club, Jamestown, N. Y.; Oliver Management Club of York, Pa.

Report to the Membership	2 NMA President Renshaw
Washington Report	4 Stewart French
IDP Works for the Foreman	8 Stanley Englehardt
Punch In for College	13 Helene Curtis Industries, Inc.
Credit Unions vs. Loan Sharks	14 Lynne Reade
The Great American Coffee Break	20 Dick Ashbaugh
Long-Range Planning	21 Peter F. Drucker
. . . And Here We Sit	22 Editors of Fortune
Why Do Women Live Longer Than Men?	25 George Bugbee
The Uses of Statistics	26 Royal Bank of Canada
Letters	32 To the Editors
No Free Lunch	35 Louis Ruthenburg
The Foreman—Management's Pivot Man	36 John E. Brennan
Automation vs. Labor Decline	44 Dr. John T. Rettaliata
Business Notebook	45 William M. Freeman
Preventative Psychiatry	48 Dr. Donald Hastings
Advice to a New Foreman	51 William G. DeWolf
Management Team Award	55 Convair Management Club (Ft. Worth)
Act on Fact	57 James Black
How Would You Have Solved This?	64 Lloyd Brenberger

orth)